

FINAL DRAFT FOR
APPROVAL
08/23/24



EMERALD
TRANSFORMER

PROJECT GRID

August 2024

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Stephens

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1

Executive Summary



Emerald Transformer at-a-glance



Emerald by the Numbers

50+
Years of Operation

380+
Employees

1,000+
Utility Customers Served

~160K
Transformers Processed in
2023

5
EPA-TSCA Permitted Facilities⁽¹⁾

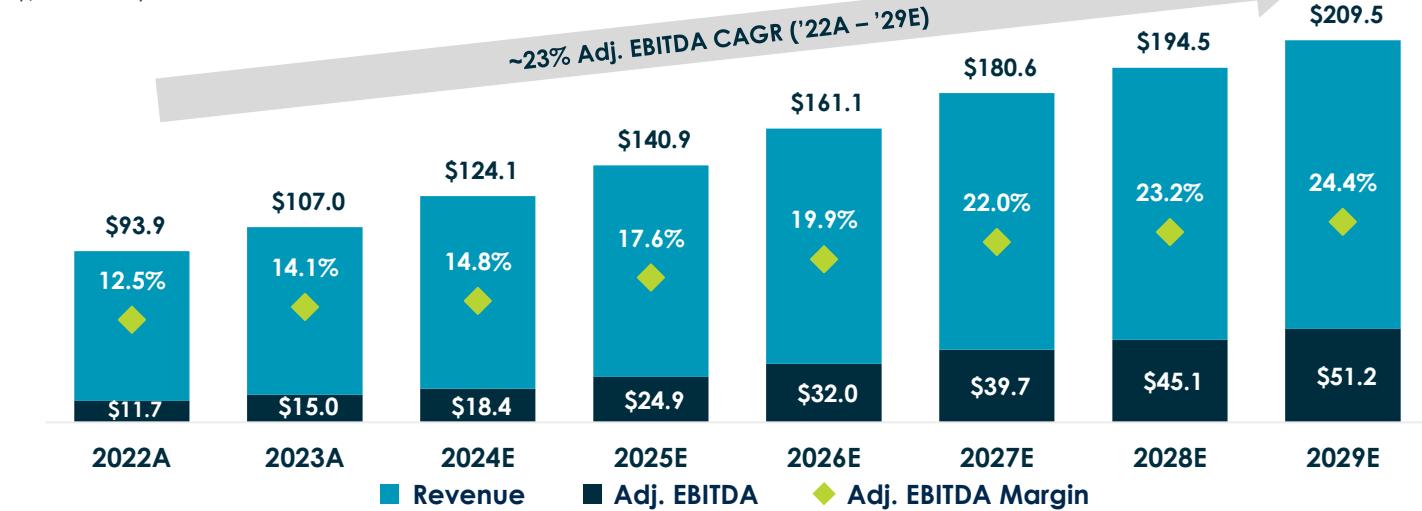
97%
Units from Reoccurring Customers⁽²⁾

67%
Units Received Under Contract⁽²⁾

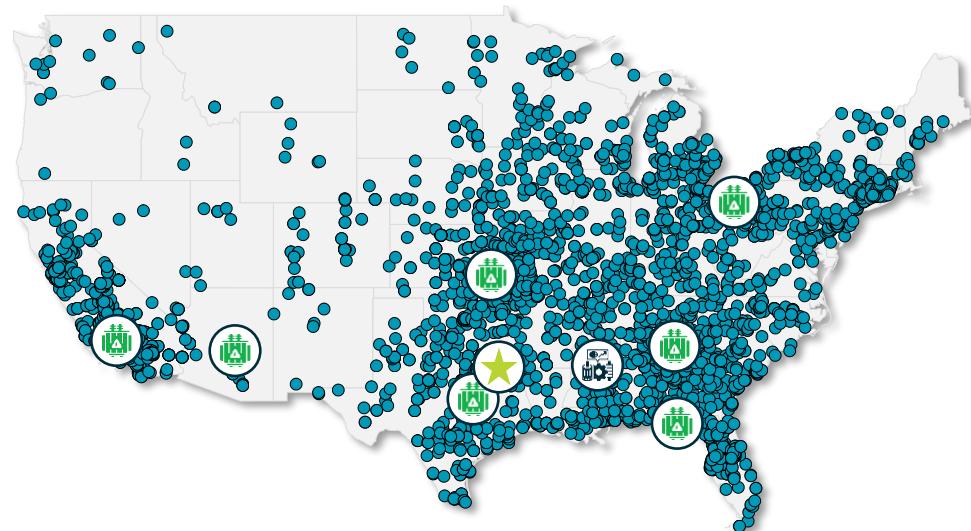
<1%
Refurbished Transformer Failure
Rate

History of Steady Growth

(\$ in Millions)



Nationwide Footprint



~700K
Total Sq. Ft.

- Customer Locations
- ★ Headquarters
- Parts Distribution Center
- Processing Facility

(1) PCB disposal approvals are issued under the Toxic Substances Control Act (TSCA) which are required in order to accept and/or dispose of PCB-laden waste.
(2) Based on LTM June-24 unit pickups; Reoccurring customers defined as utility customers that supplied units in 3 out of the last 5 years, or every year since 2022.



Positioned to Capitalize on a Massive, Growing and Aging Grid

The T&D Grid is Massive

- The U.S. Electric Transmission and Distribution System (the "T&D Grid" or the "Grid") is owned and operated by over **3,000 utilities** and delivers electricity from thousands of electric generation sources to roughly **160 million residential, commercial and industrial customers** via seven million miles of distribution lines and an estimated **60M+ transformers**

And Faces Many Challenges

- Today, grid owners face vast challenges including decarbonization, aging infrastructure, a retiring workforce, extreme weather conditions, physical security threats and meeting the growing demands of electrification including data centers and electric vehicles
- These demands are magnified by an increasing focus on reliability and safety from regulators and customers

Record Investments Are Required

- To address these challenges and opportunities, utilities are making record investments into refurbishing, modernizing and expanding the Grid
- Over the next 5 years alone, **distribution grid capex spend is projected to exceed \$325 billion**
- Utilities must upgrade their distribution grids to support the wave of Electric Vehicles (EVs) and Distributed Energy Resources (DERs) that **connect to the Grid's edge**

Transformers Are Critical And Aged

- As part of the T&D Grid, transformers are required for the transmission of electricity over long distances and distribution to commercial, industrial and residential users
- Experts estimate **60M+ distribution transformers are currently in operation in the U.S.**
- According to the National Renewable Energy Library (NREL), **~70% of in-service transformers will be replaced by 2050** as increased electrical demands will require larger transformers and/or decrease the lives of existing units

Electrification Drives Transformer Demand

- Widespread electrification trends including electric vehicles, renewables and data centers are driving tremendous demand for transformers
- The installed distribution transformer base is expected to grow up to 200% by 2050**

Market-Leading Platform

- As the market leader for comprehensive transformer services, Emerald is uniquely positioned to take advantage of these trends
- Through its nationwide network of service centers, **Emerald provides transformer services to 1,000+ utilities**
- Emerald provides a full suite of transformer services including the repair and resale of "like-new" units, routine maintenance, field services, end-of-life decommissions, and testing and disposal of hazardous materials

Sources: The C Three Group 2023 Distribution Forecast, U.S. Energy Information Association, National Renewable Energy Library.

**~4,500
TWh**

2022 Utility
End User
Consumption

**\$970
Billion**

Global Annual
Grid Expenditure
by 2050

3,000+

Electric Utilities in
the U.S.

60M+

Distribution
Transformers in the
U.S.

U.S. Distribution Grid Investment

(Dollars in Billions)

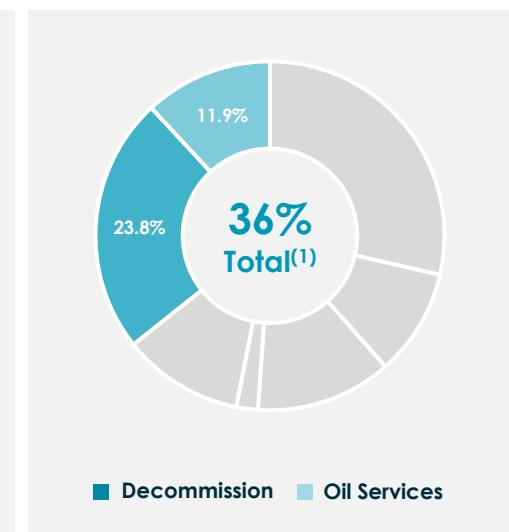
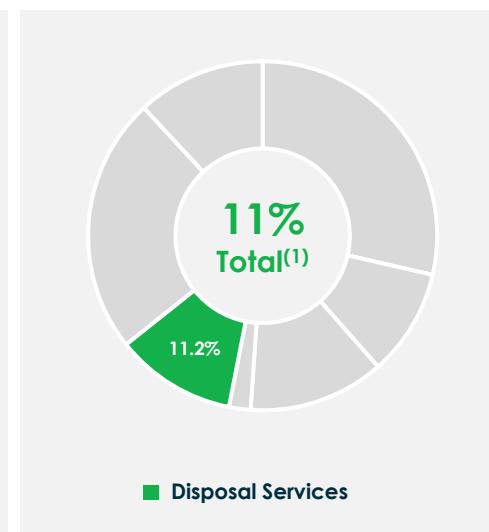
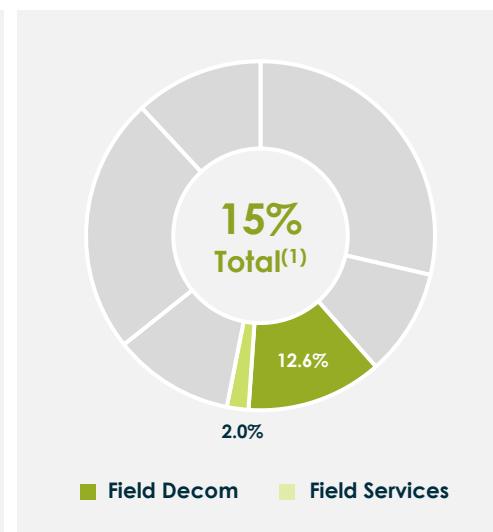
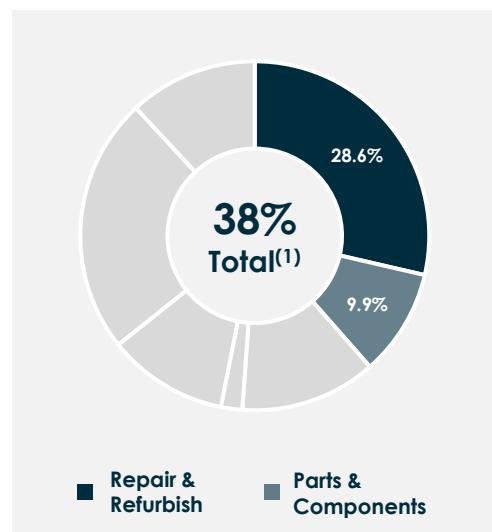


Full Suite of Transformer Services



Emerald is a preferred partner to U.S. utilities, offering comprehensive transformer services

Repair Services and Refurbished Solutions		Field Services		Disposal Services	Decommission Services	
Repair & Refurbish	Parts & Components	Field Decommission	Field Service & Maintenance	Disposal Services	Transformer Decommission	Oil Services
Transformer reconditioning, OEM warranty services and resale of refurbished transformers	Sales and Distribution of Transformers, Parts & Components	Onsite dismantling, forensic teardowns and full substation decommission	Testing, inspection, maintenance and oil testing	Testing, treatment of contaminated materials and disposal. Permitted to transport and house hazardous waste	Removal and recycling of materials and asset recovery services	Decontaminating, recycling and testing transformer oil in-house

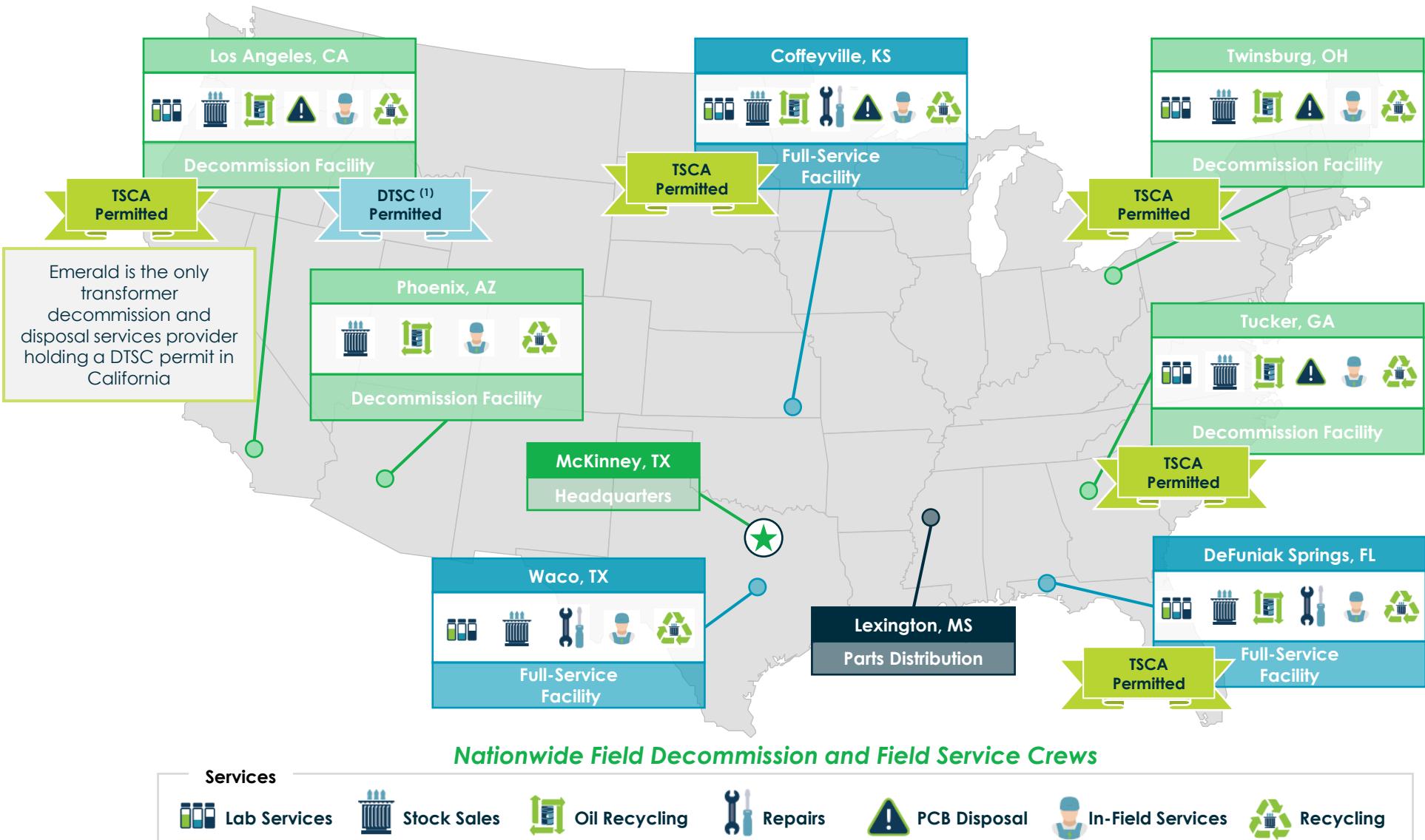


(1) Calculated as a percent of June 2024 LTM revenue.

Nationwide Footprint



Emerald is one of the few transformer services businesses with the capabilities and facilities to serve utilities nationwide

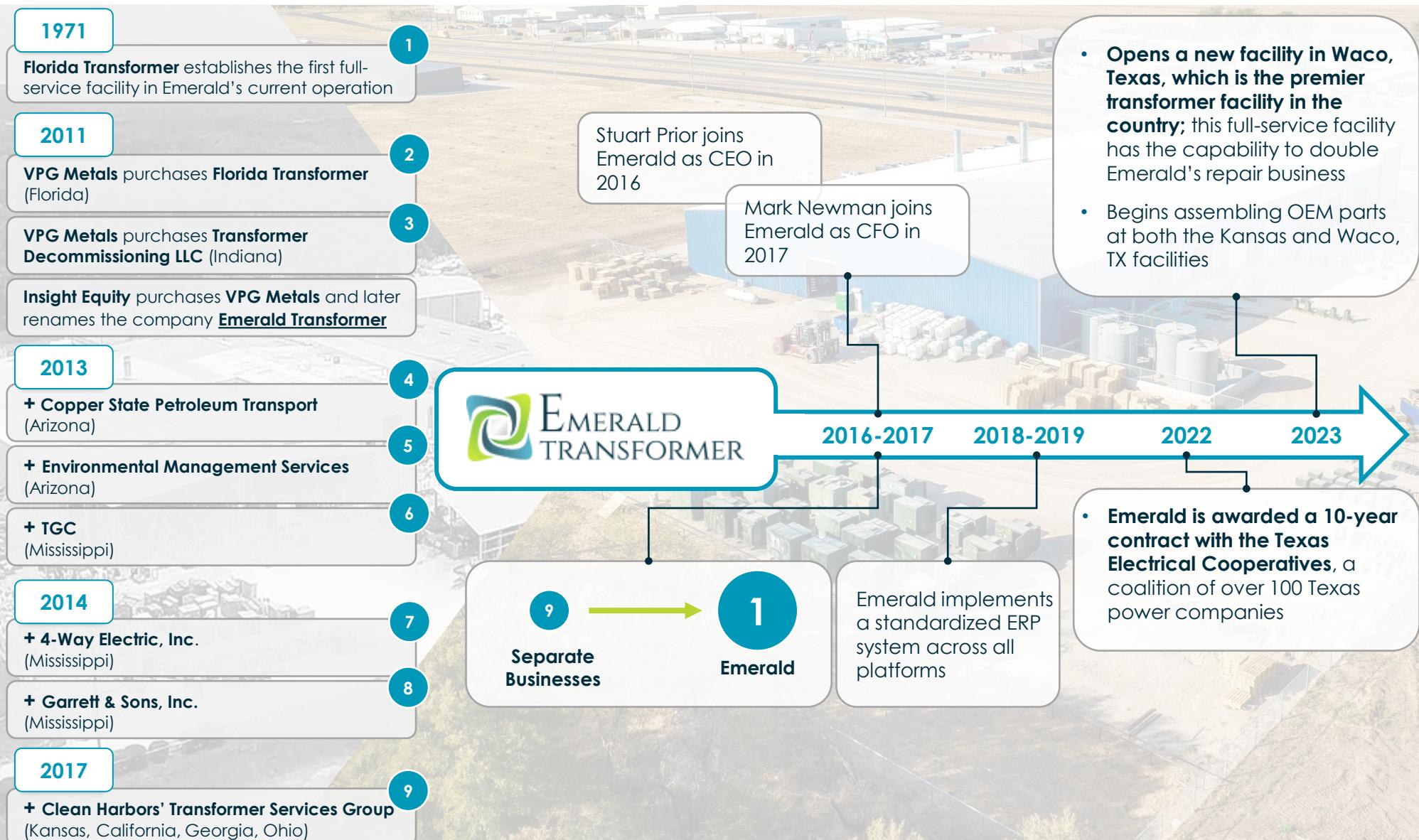


(1) Department of Toxic Substances Control for the state of California.

A History of Growth



Management has successfully integrated 9 separate businesses into an institutionalized platform for growth



Emerald's Transformation



Management has transformed Emerald into a premier utility services platform...

- Growth**
 - With an expanding footprint and capability set, Emerald has more flexibility and opportunities to serve more customers
 - Emerald opened a new state-of-the-art facility in Waco, TX

- Mix**
 - By building out its repair, refurbish and field service capabilities, Emerald has materially expanded the ways in which it can profit from a steady supply of transformers

- Margin**
 - Emerald has mitigated commodity risk through implementing indexed protections in its customer contracts

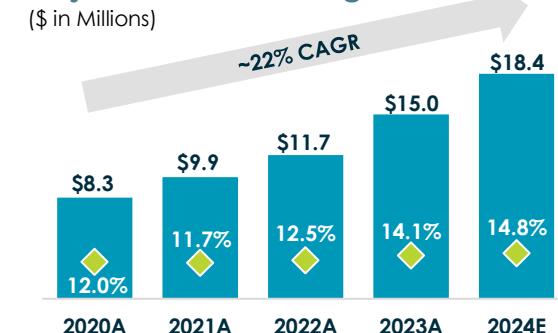
- Best Practices**
 - Management has institutionalized best practices across Emerald facilities

- Data**
 - Management successfully implemented a new ERP system in 2019, which provides real-time visibility and critical operational insights across the entire business

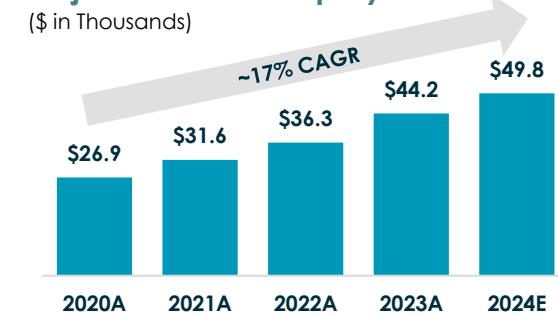
- Workforce Utilization**
 - Emerald has institutionalized processes, procedures and automation
 - As a result, opex improved as a percent of revenue, from **45.7%** in 2019 down to a projected **38.3%** for 2024E

- Salesforce Professionalization**
 - Institutionalized the sales function and restructured it to align with key accounts and business development initiatives
 - From 2020A – 2024E, Emerald had a revenue growth CAGR of ~16%

Adj. EBITDA and Margin⁽¹⁾



Adj. EBITDA Per Employee⁽¹⁾



Gross Profit Per Unit⁽¹⁾



(1) 2020 and 2021 financial results are management adjusted and included for informational purposes; these periods were not subject to Quality of Earnings review.



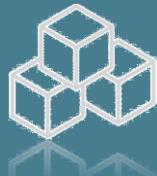
Emerald is Poised for Growth

GROW THE CORE



- ✓ Expand customer base throughout existing footprint
- ✓ Cross-sell more field repair and other services to existing customers
- ✓ Expand capital buyback program (see pg. 29)

GROW REFURBISHED TRANSFORMER BUSINESS



- ✓ Proactively acquire units to build refurbished transformer inventory
- ✓ Immediately increases quotable business by 30%

EXPAND FIELD SERVICES



- ✓ Leverage deep customer relationships and industry-leading expertise to expand high-margin field service work
- ✓ Enhance field oil filtration capabilities in order to grow wallet share with existing customers and gain new customers
- ✓ Significantly expand Emerald's market opportunity with services for large power transformers

FACILITY UPGRADES AND EXPANSION



- ✓ Convert Phoenix facility to full-service facility with repair and refurbish capabilities to service the west coast
- ✓ Complete Phase II of Waco facility build-out

ACTIONABLE M&A STRATEGY

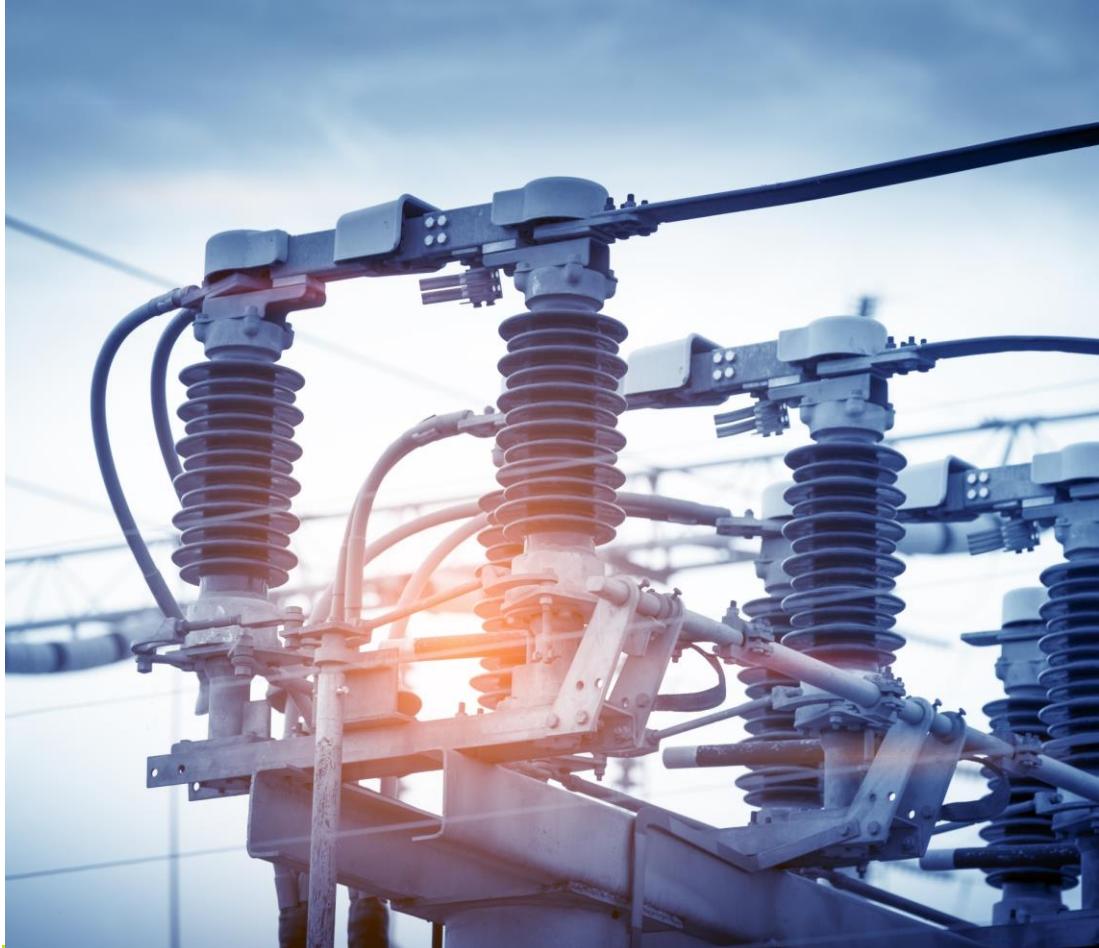


- ✓ Enhance density in large geographies, extension of current service capabilities and bolster or add attractive customer relationships
- ✓ Scale, reputation and relationships result in an impressive pipeline of potential acquisition targets
- ✓ Proven, established ability to successfully integrate acquired businesses



2

Industry Overview

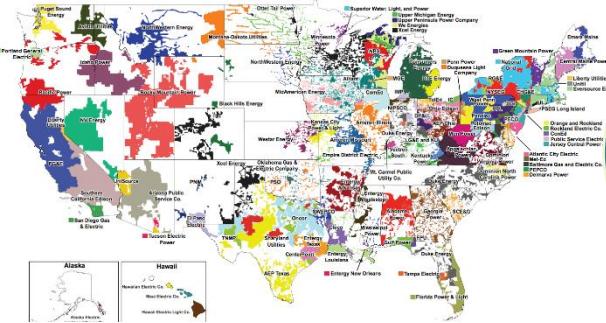


Highly Attractive Utility T&D Market Dynamics...



Highly Fragmented Utility Service Territories

U.S. Investor-Owned Utilities

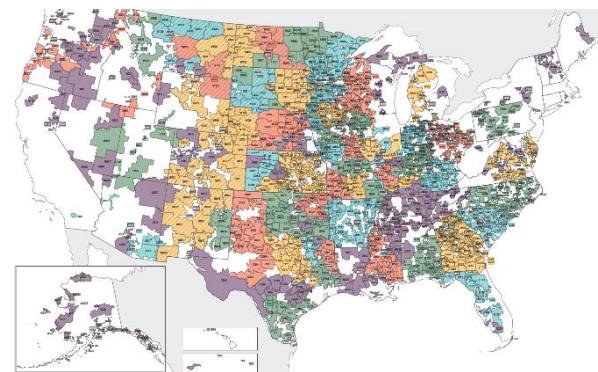


~170
Investor-Owned
Utilities

~900
Cooperatives

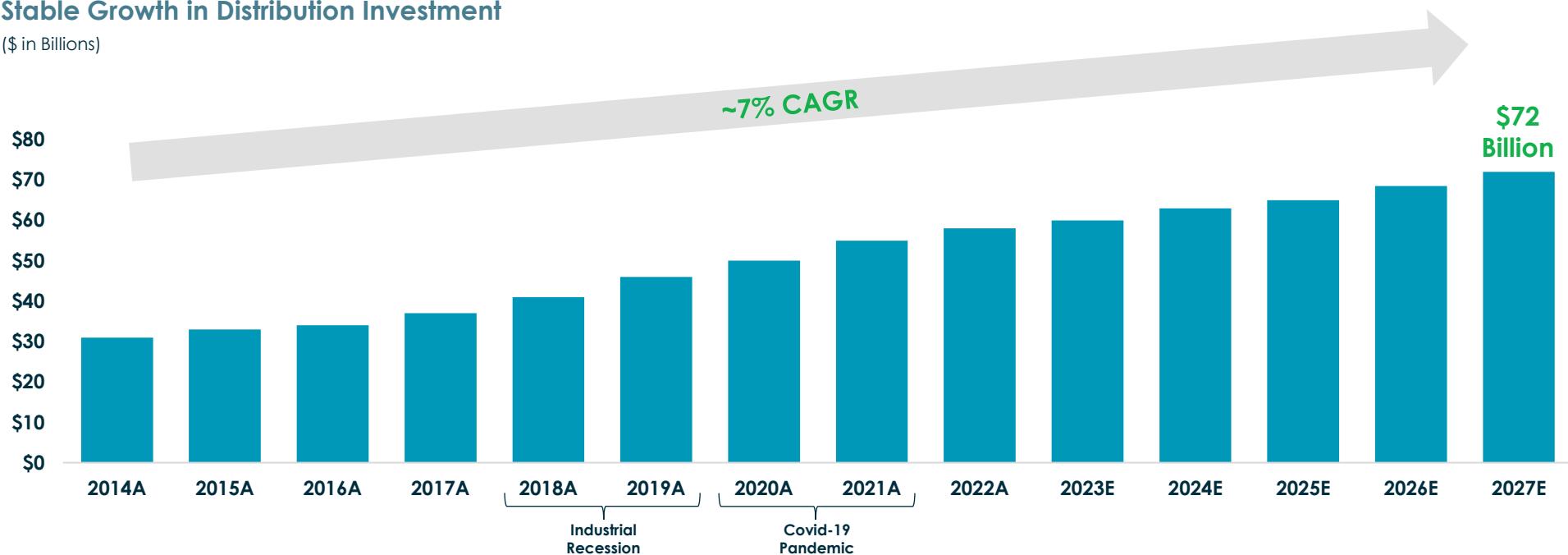
~2,000
Municipal-Owned
Utilities

U.S. Electric Cooperatives



Stable Growth in Distribution Investment

(\$ in Billions)



Sources: The C Three Group 2023 Distribution Forecast, U.S. Energy Information Association, National Rural Electric Cooperative Association, U.S. Department of Energy's National Renewable Laboratory.

...Driving Utilities to Modernize their Grids



Emerald's core business will continue to benefit from generational trends, which will continue to accelerate new grid investment and the retirement of existing infrastructure



Aging Infrastructure

- ✓ **70%** of distribution transformers in the U.S. have been in service for **>25 years**
- ✓ Equipment failure poses significant safety and financial risks to utilities



Rise of Renewables and Grid-Edge Tech

- ✓ Renewables accounted for nearly 22% of U.S. electricity generation in 2023
- ✓ From 2023 to 2025, U.S. solar generation is forecasted to grow **+75%** and wind generation to grow **+11%**



Increasing Energy Consumption

- ✓ Today the U.S. consumes nearly 4.0 trillion kWh of electricity — **13x greater** than in 1950, when much of today's infrastructure was built
- ✓ National electricity consumption is expected to increase by as much as **38% by 2050**



Climate Change

- ✓ The average annual cost of weather and climate disasters over the last 5 years is **25% greater** than the previous decade
- ✓ This has led to an **36% increase** in average duration of annual electric power interruptions ⁽¹⁾



Decentralization

- ✓ With the rise of renewables, EV's and emerging grid technology, the traditional one-way grid infrastructure is becoming outdated
- ✓ As the grid transitions, two-way power flows are putting extreme pressure on existing grid infrastructure

Sources: U.S. Energy Information Administration, NOAA, U.S. Department of Energy's National Renewable Laboratory (NREL).

(1) Last 4-year average vs. previous 4-year average.

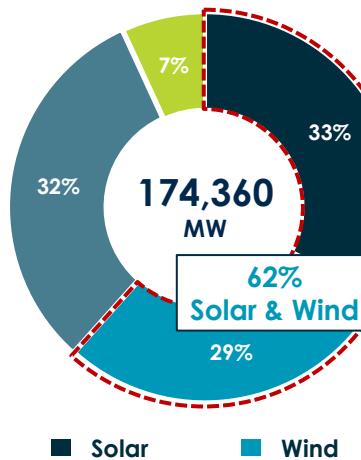
Decarbonization Results in a Massive “Churn” in Generation Sources, Which Requires New Transmission Investments and Retirements of Older Infrastructure



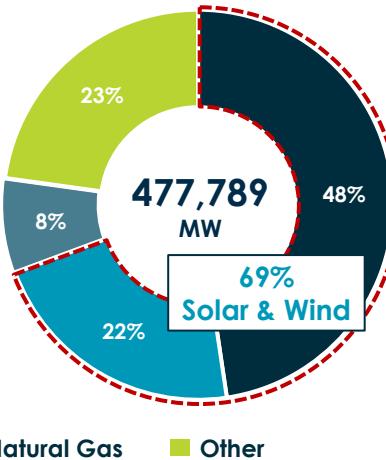
Emerald's field decommission crews decommission substation transformers nationwide

Renewable Generation Growth Continues...

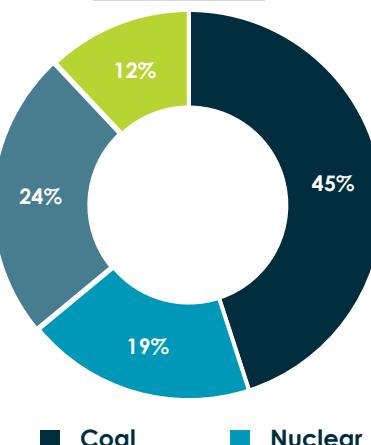
Last 5 Years Capacity Additions
2018 – 2022



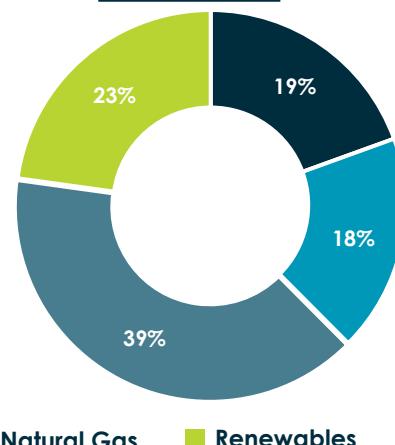
Next 5 Years Capacity Additions 2023 – 2027⁽¹⁾



2010 National Energy Resource Mix



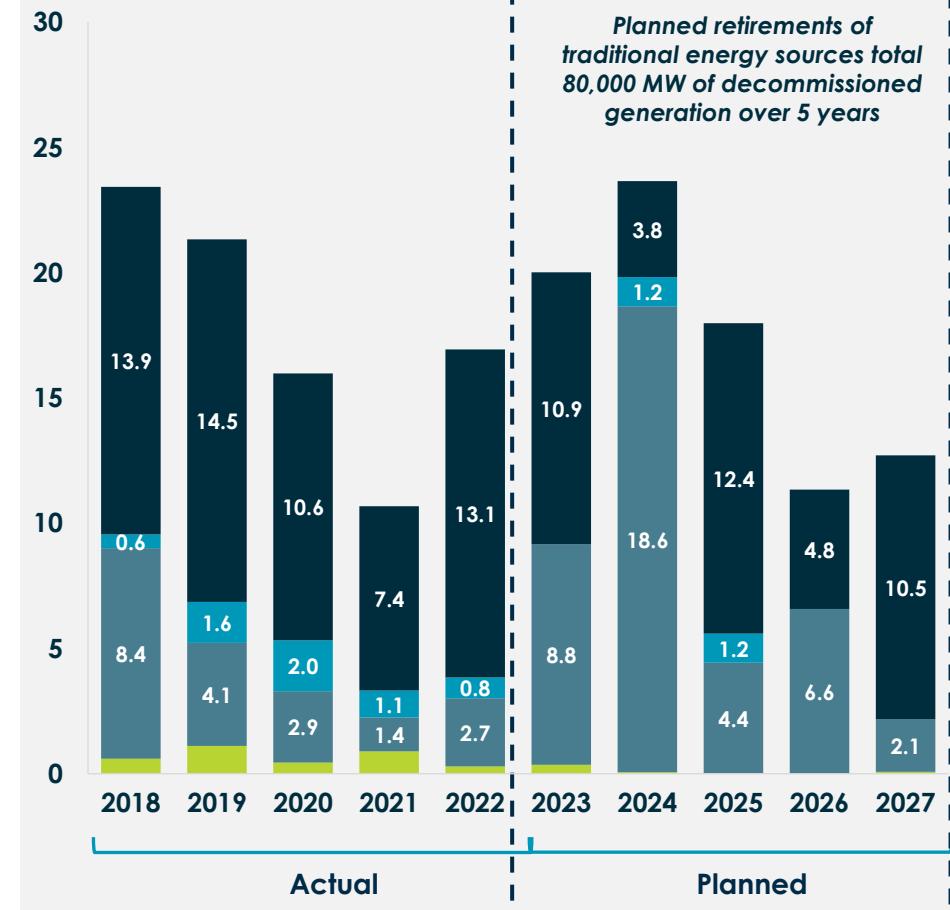
2022 National Energy Resource Mix



...As Do Retirements of Traditional Generation

(MW in 000s)

Renewables and Other Natural Gas Nuclear Coal



Sources: Edison Electric Institute Financial Review and Energy.Gov.

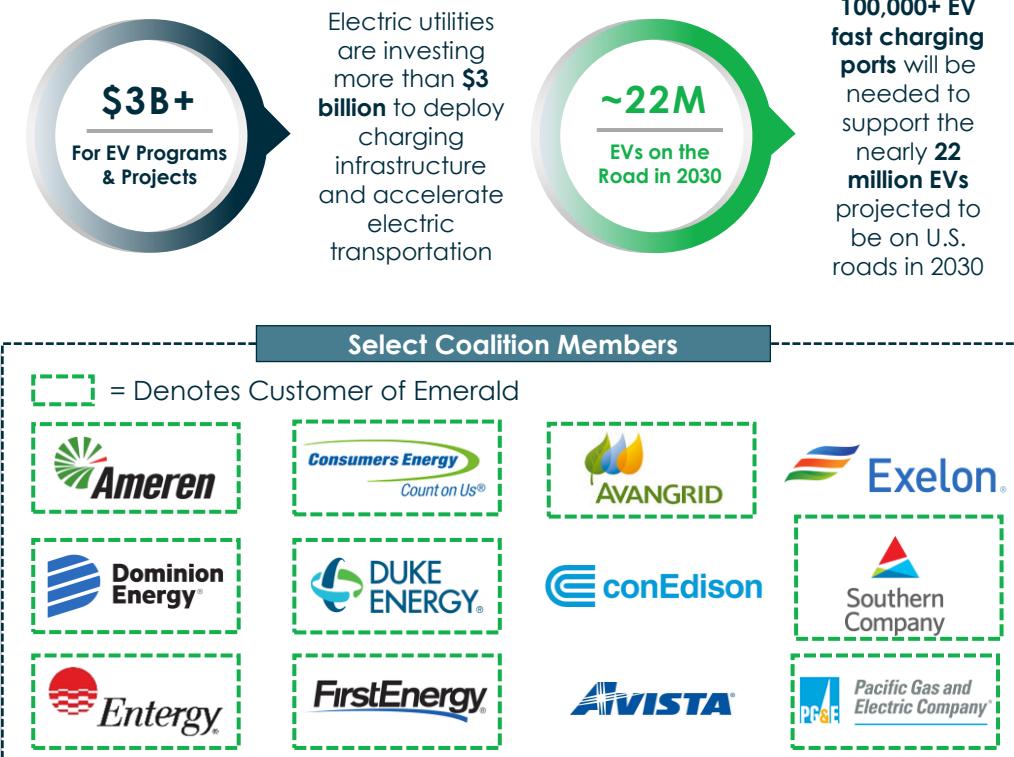
(1) Includes all proposed capacity additions (new sources and expansions of existing sources) with expected online date up to 2027.

Electrification Trends Require Massive Grid Investments (and Retirements)



Electric Vehicle Charging Infrastructure

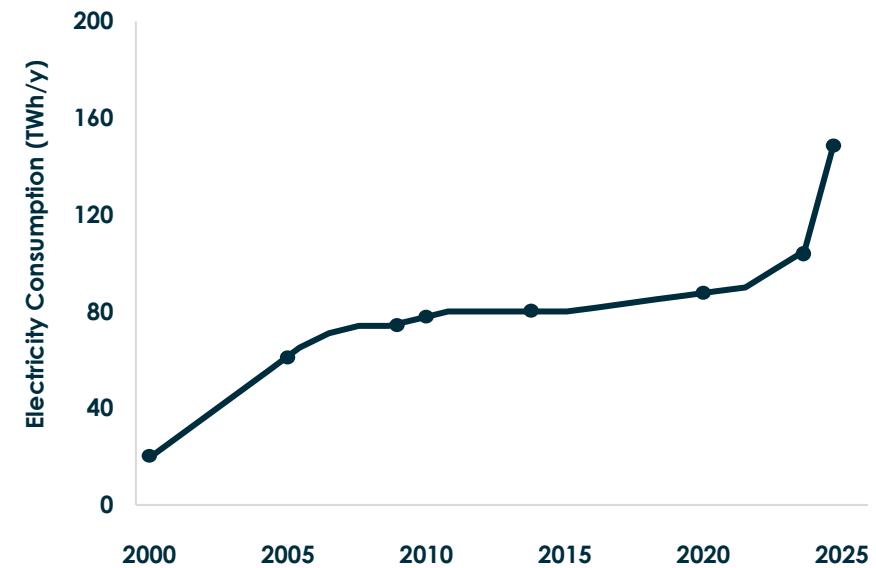
- The National Electric Highway Coalition (NEHC) is a collaboration among electric companies that are committed to providing electric vehicle (EV) fast charging stations that will allow the public to drive EVs with confidence along major U.S. travel corridors
- To date, member companies have invested more than \$3 billion in customer programs and projects to deploy charging infrastructure and to accelerate electric transportation



Data Center Expansion

- In the last 3 years, the number of data centers in the U.S. **more than doubled** with a compound annual growth rate⁽¹⁾ of ~25%
- A 100 MW data center's load equals that of a new neighborhood of 80,000 homes and can be put into service much more rapidly
- Importantly, the emergence of AI further drives capacity requirements as AI queries consume **10x more electricity** than traditional search queries
- By 2030, data centers alone are projected to consume **up to 9%** of total U.S. electricity generation

Projected Data Center Power Consumption



Sources: EPRI 2024 White Paper: Analyzing Artificial Intelligence and Data Center Energy Consumption, EEI, U.S. Energy Information Administration.

(1) Period ranging from January 2021 to March 2024.



70%

Estimated U.S. T&D
infrastructure beyond its
useful life

60M+

Distribution Transformers
Across the U.S. Grid

"the supply of new transformers must multiply dramatically if the nation's Grid is to fill up with new wind and solar generation and EV charging"

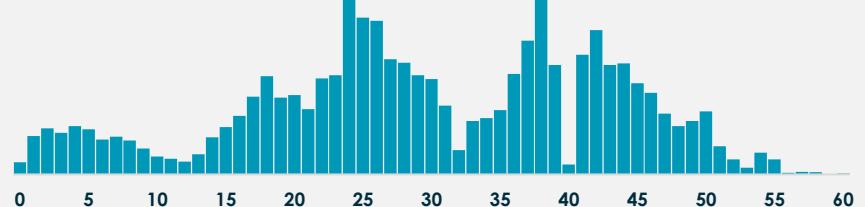
— U.S. Department of Energy

The U.S. Grid is Rapidly Aging

- Beyond being outdated, the fragmentation of disconnect grids in the U.S. complicates the ability to transition to clean generation as long-distance power lines are needed to support the transport of energy

Transformer Age Distribution

Based on Years In Service



Critical and Ubiquitous Transformers Pose an Enormous Challenge

4x

Average Increase in
Transformer Lead Times
Since pre-2022

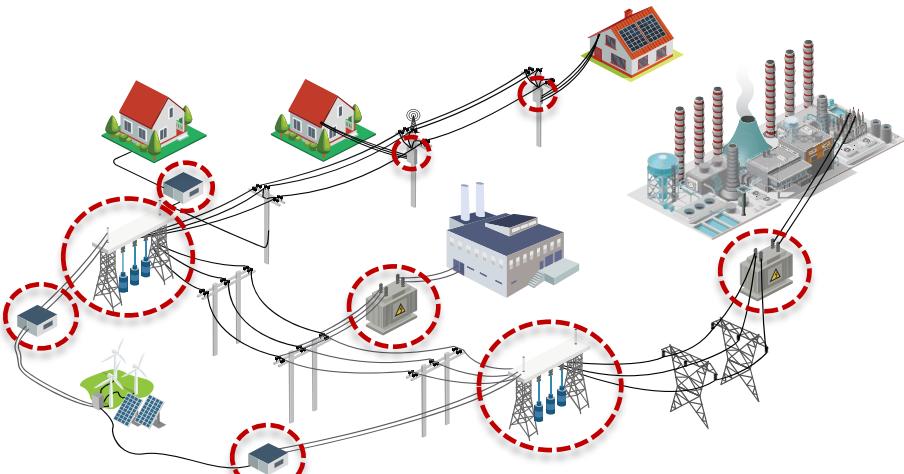
~200%

Increase in Aggregate
Distribution Transformer
Capacity Required by
2050

~70%

In-service Transformers
to be replaced by 2050

- Transformers are expected to last 20 years at nameplate loading, but in practice are **often in service for up to 50+ years**
- A large population of the installed transformer base is in the 25-35 year range with many transformers being candidates for disposal and replacement
- In order to meet increased power demand from electrification, transformers are **often overloaded up to 200% of nameplate capacity**
- Repeated and long-duration overloading (>125%-150%) actively reduces transformer life and **raises the probability of critical failure**



Transformers are used throughout the grid and are critical to delivering usable electricity to end users

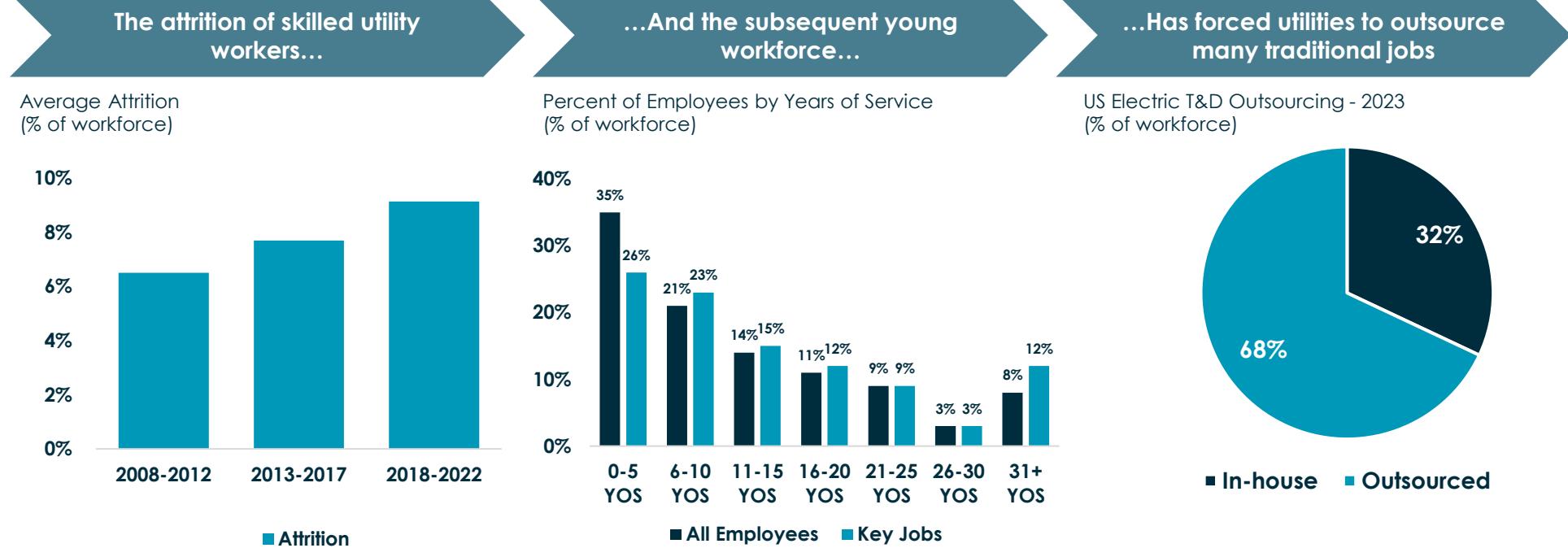
Sources: Edison Electric Institute, EESI, GatesNotes, U.S. Department of Energy, Wall Street Journal, National Renewable Energy Laboratory (NREL).



...And a Retiring Workforce

An aging workforce and shrinking human capital base has driven utilities to increasingly outsource maintenance and repair services

Utility Workforce in Transition



Utility Workforce of Tomorrow – Skills and Jobs

- ✓ Cybersecurity
- ✓ Software and application development
- ✓ Data science
- ✓ E-commerce
- ✓ Artificial intelligence
- ✓ Cloud computing and software-as-a-service

Sources: Center for Energy Workforce Development (2023 Energy Workforce Executive Summary), EnergyCentral "The Graying Utility Workforce".

Progress is Being Expedited by Unprecedented Regulatory Support



Summary of Federal Initiatives

Infrastructure Investment and Jobs Act (IIJA)

Grid Resiliency and Expansion

- Also known as the Bipartisan Infrastructure Law (BIL), the IIJA is federal legislation signed into law in 2021 that includes **\$550 billion** in new federal investment in U.S. critical infrastructure and resiliency
- This act was the largest investment in clean energy transmission and EV infrastructure in U.S. history



\$65.0 Billion

Investment in the U.S. Grid of new, resilient infrastructure to facilitate the expansion of renewables and clean energy



\$7.5 Billion

Funds specifically allocated to EV charging infrastructure



\$50.0 Billion

Enhancement of current infrastructure to make it more resilient to climate change and extreme events



\$10.5 Billion

Budgeted Grid Resilience and Innovative Partnership (GRIP) funds

Inflation Reduction Act (IRA)

Energy Transition Acceleration

- The IRA of 2022 is the largest commitment made by the U.S. to fight climate change in the form of almost **\$400B in tax incentives** aimed at reducing carbon emissions and accelerating the country's energy transition away from fossil fuels
- Significant Tax Credits and Financial Incentives for Clean U.S. Manufacturing, EV Purchases, Solar and Wind Projects and Battery Storage



\$110.0 Billion

New clean energy private sector investment in the 12 months following the signing of the IRA



\$70.0 Billion

Invested in electric vehicle supply chain since signed into law



\$9.7 Billion

Rural community support to improve reliability and resiliency of rural electric systems



\$2.0 Billion

Rural Energy for America Program to help farmers, ranchers and small businesses access renewable energy and energy efficiency measures

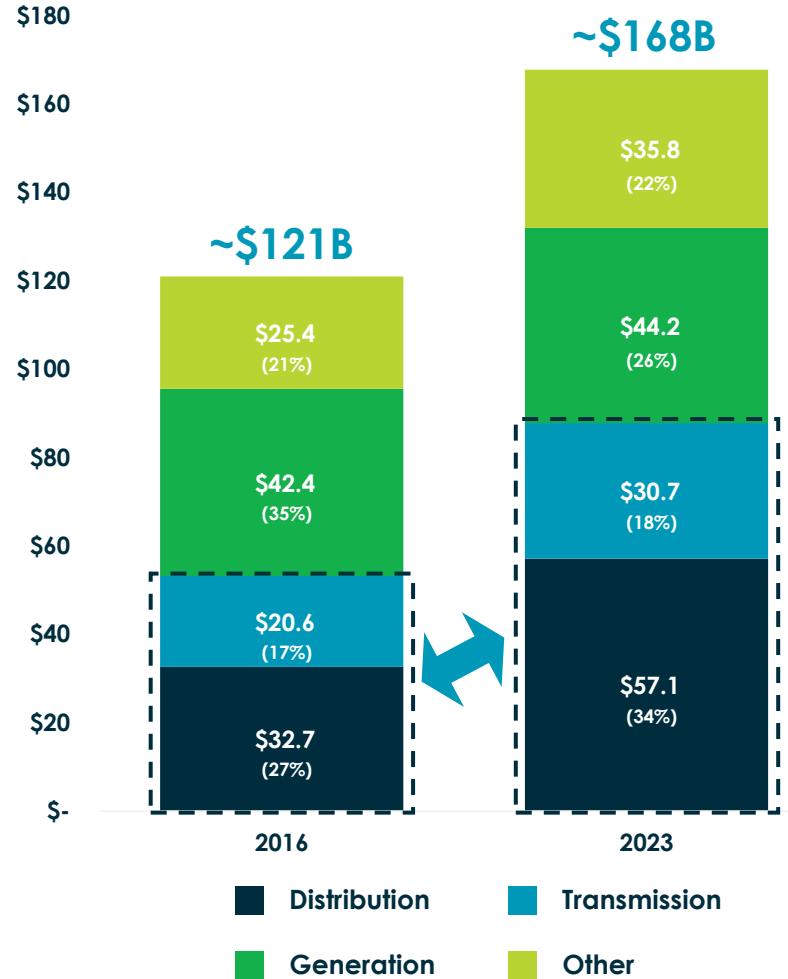
Sources: The C Three Group, energy.gov, DOE, Grid Deployment Office, whitehouse.gov.

All of this is Shifting More Utility Spend to the Grid...



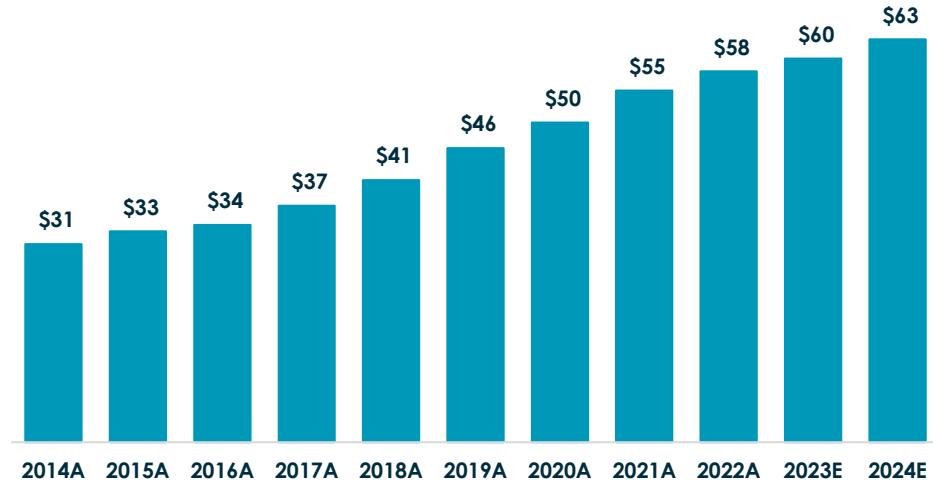
T&D Spend Replacing Generation

\$ in Billions of Electric Utility CapEx Spending



North American Electric Distribution Grid Spending

(\$ in Billions)



North American Electric Transmission Grid Spending

(\$ in Billions)



Sources: Edison Electric Institute Financial Review, The C Three Group 2023 Distribution and Transmission Forecast Reports.

...With No End in Sight (“Electrification of Everything”)



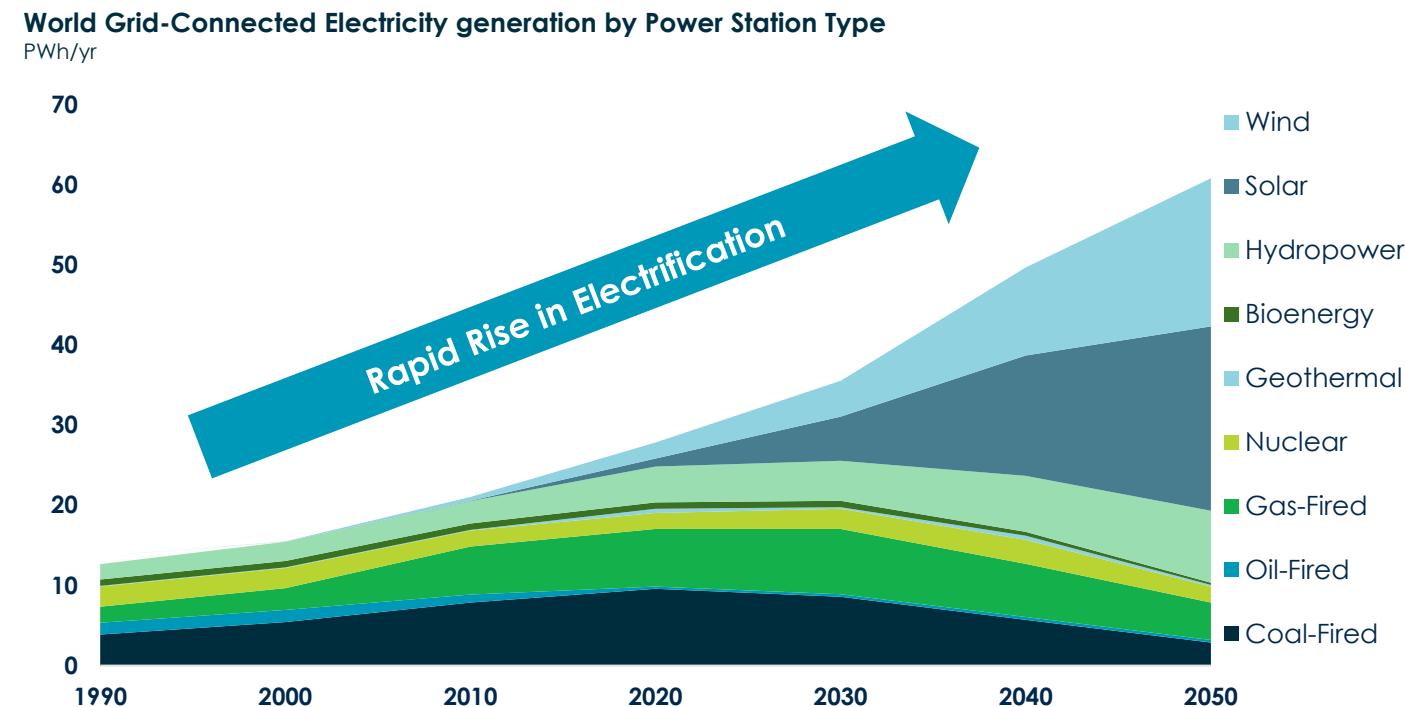
Emerald is positioned to benefit from increasing electricity generation and is indifferent to the power station type. Electrification will require new, more robust infrastructure while accelerating the decline of existing equipment

Growing World Electricity Generation...

✓ Electric Transport

✓ Data Center Growth

✓ Developing World



...Driving Massive Investment in Grid Equipment

\$388
billion

2023 Global Power
Grid Expenditure



\$970
billion

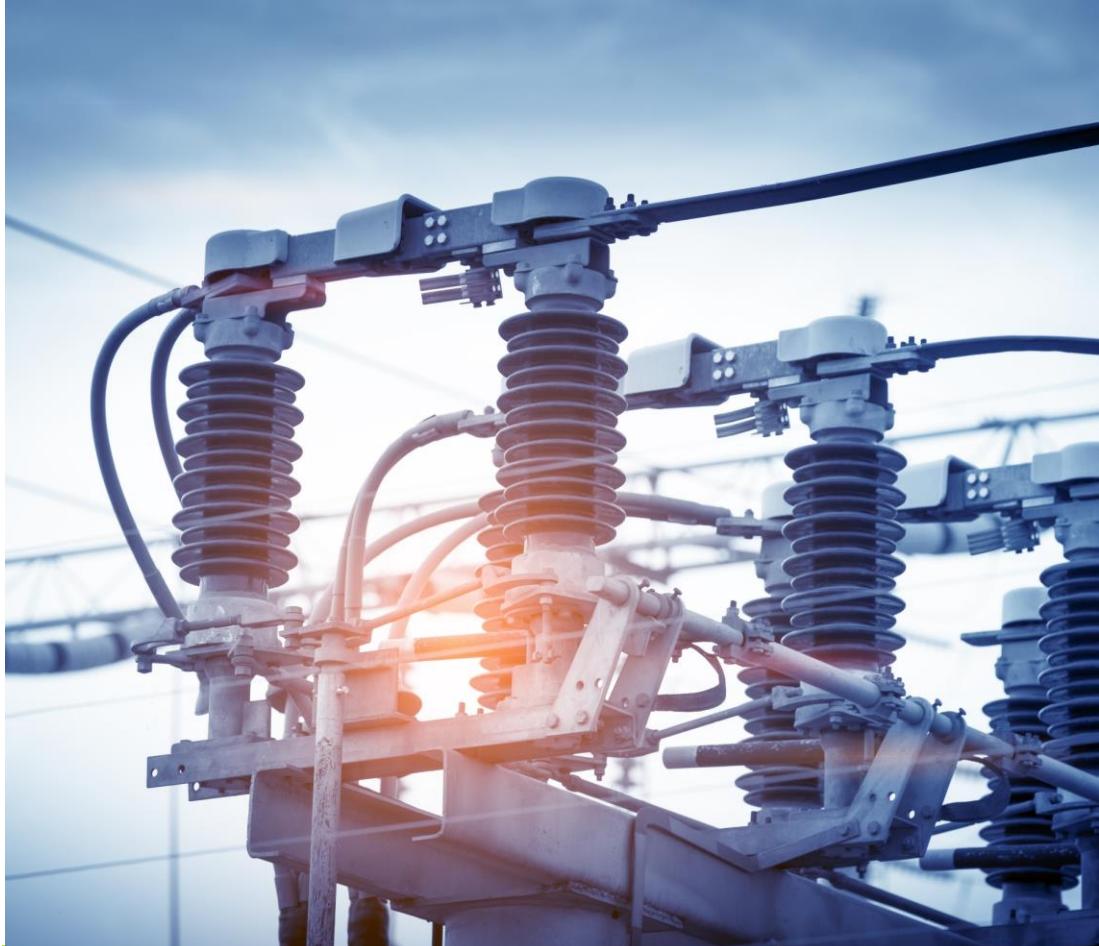
2050 Global Power
Grid Expenditure

Source: DNV-GL 2023 Energy Outlook Report.

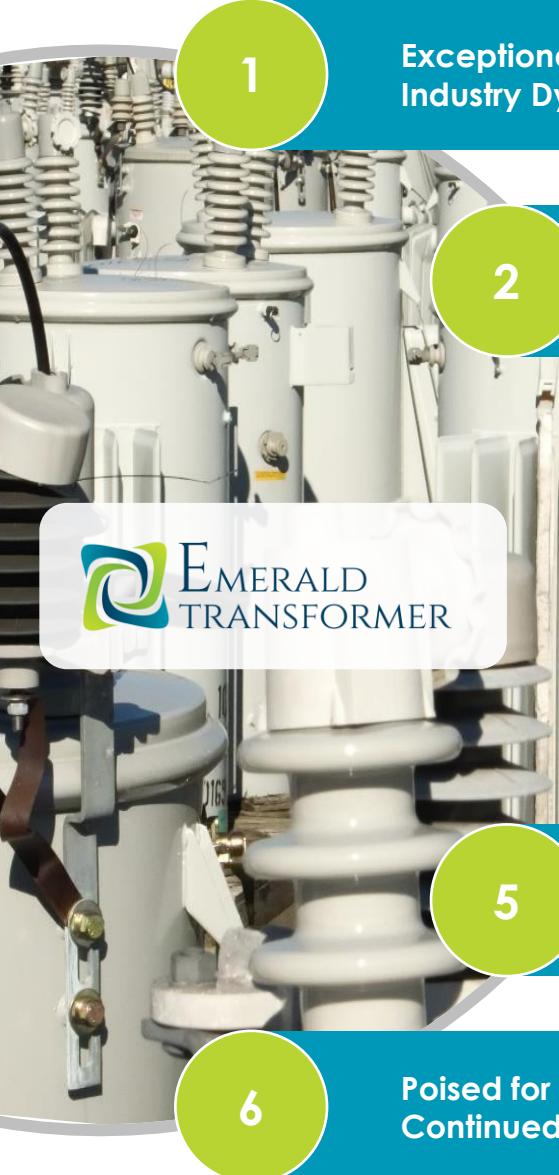


3

Investment Highlights



A Highly Unique T&D Opportunity



1

Exceptional
Industry Dynamics

2

Massive Aging
Infrastructure
Opportunity

3

National Platform

4

Preferred
Partner for
Utilities

5

Significant Barriers
to Entry

6

Poised for
Continued Growth

The T&D Grid is very large, highly-fragmented and driven by multi-decade macro themes

(See pgs. 12-21 for more detail)

Enormous installed base of aging transformers, a majority of which are beyond useful life

(See pgs. 12-21 for more detail)

Eight facilities leveraging unique capabilities from coast to coast

Trusted partner to over 1,000 utilities nationally

Scale, permitting and institutional processes and procedures are required to service large utility customers

Actionable organic and inorganic growth opportunities for next partner

(See pgs. 27-34 for more detail)

Emerald is an Industry-Leading T&D Platform...



Purpose-built platform of scale with the institutionalized presence required to serve customers nationwide

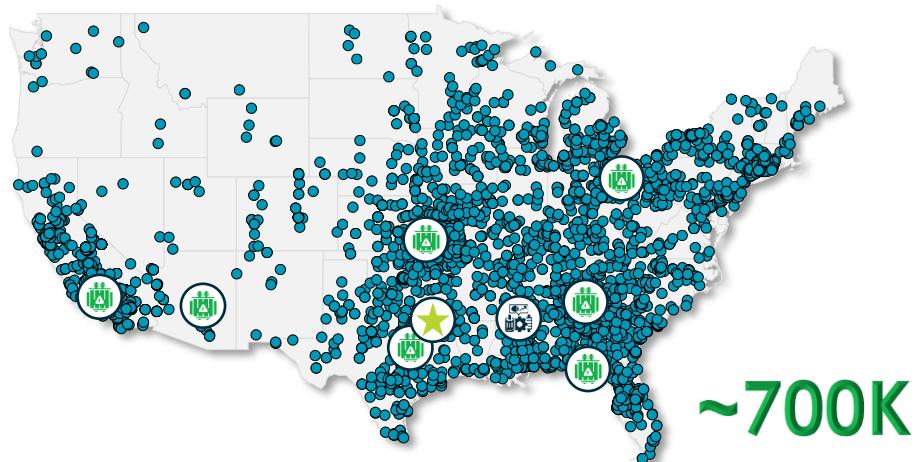
\$124M
2024E
Revenue

14.8%
2024E Adj.
EBITDA Margin

1,000+
Utility Customers
Served

97%
Units From Reoccurring
Customers⁽¹⁾

Strategic Footprint



● Customer Locations

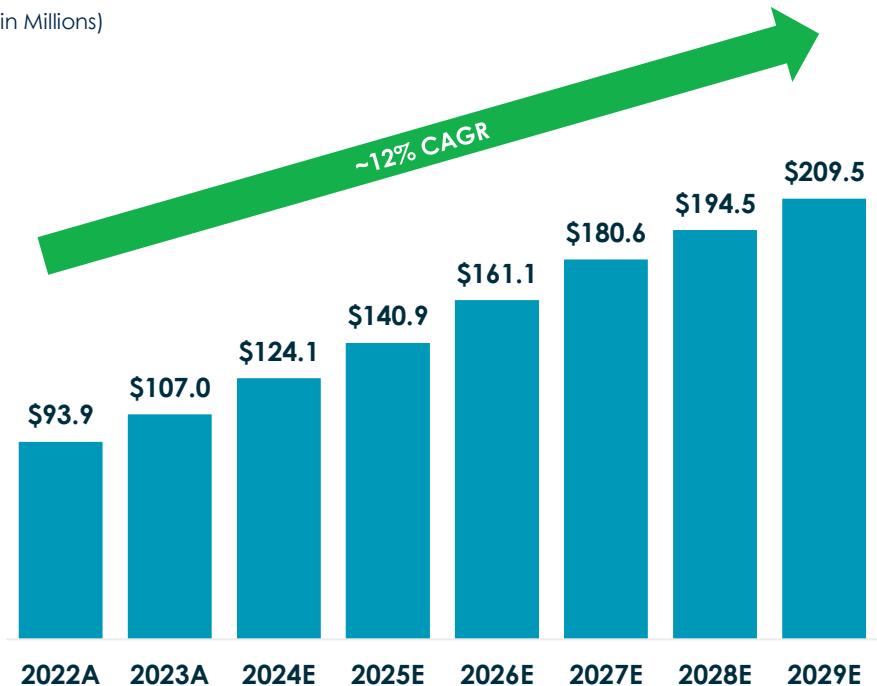
● Parts Distribution Center

★ Headquarters

● Processing Facility

Scale and Consistent Growth

(\$ in Millions)



Full Suite of Services

Environmental Permitting

Logistics Infrastructure

Skilled Workforce

(1) Based on LTM June-24 unit pickups; Reoccurring customers defined as utility customers that supplied units in 3 out of the last 5 years, or every year since 2022.

...and the Preferred Partner For Utilities of All Sizes...



Emerald has a proven ability to serve utilities of all sizes and types, establishing strong, institutionalized relationships at multiple organizational levels

1,000+

Utility Customers Served

25

Major Utility Customers Added in 2023

97%

Units from Reoccurring Customers⁽¹⁾

67%

Units Received Under Contract⁽¹⁾

3-5+ year

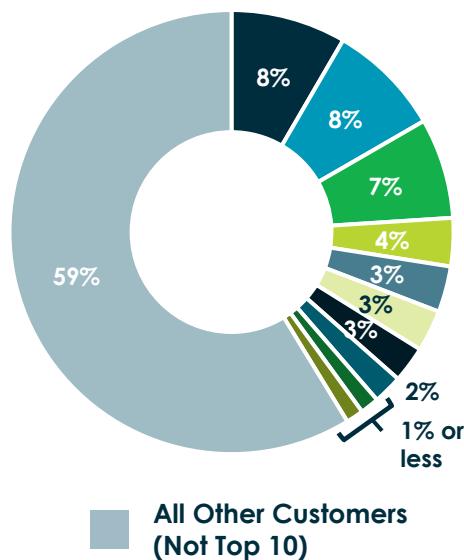
Contracts with Key Customers

15 Years

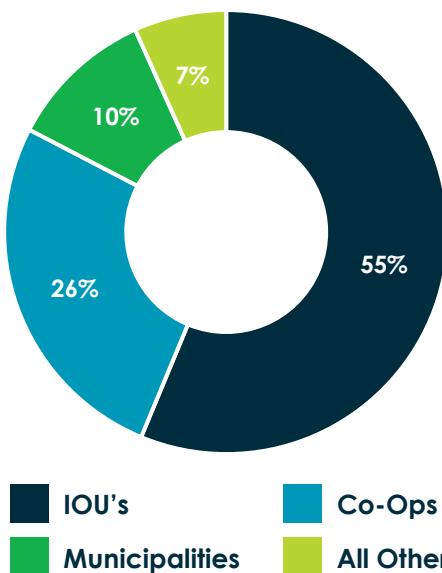
Average Tenure with Top 5 Customers

Large, Diverse Utility Customer Base

Utility Revenue Mix
Material Offtake Revenues Allocated⁽²⁾



Utility Pickup Mix⁽³⁾



Selected Utility Relationships



(1) Based on LTM June-24 unit pickups; Reoccurring customers defined as utility customers that supplied units in 3 out of the last 5 years, or every year since 2022.

(2) Based on LTM June-24 utility customer revenues with material offtake revenue allocated back to the utility based on volume.

(3) Based on FY 2023 unit pickups.



...with Significant Barriers to Entry

Meaningful barriers to entry enable deep relationships, strategic growth and favorable margins

Contracts

- Multi-year contracts with utilities
- Index-based hedging mechanisms in significant customer contracts that have proven to reduce exposure to metals and oil price swings

55% 5-yr avg.
Decommission Margin

2% Largest Deviation
from Average
(over last 5 years)

Full-Service Facilities

- Nationwide network of facilities and utility relationships secures a steady supply of transformers

~160K Units
Processed
Annually

700K+ Total Facility
Sq. Ft.

Fleet

- Logistics network built upon decades-long relationships with utilities

50 Trucks

7 years Average
Driver Tenure

Compliance

Compliance

- Emerald operates in a very complex permitting environment
- Only transformer decommission business permitted to handle PCBs in the state of California

35+ Environmental
Transportation
Permits

35+ Facility-Specific
Material Handling
Permits

Contracts



Full-Service Facilities

Fleet

People

Technology & Operations

People

- Cultivated workforce of skilled tradesmen and back-office support
- Each facility has established leaders in place

380+ Employees

6 years Average Tenure

Technology & Operations

- Sophisticated IT capabilities needed for a high volume of units and varying customer requirements
- Nationwide operations requires robust centralized ERP system



4

Growth Strategy



Emerald is Poised for Strategic Growth with its Next Partner



Transformation under current management has positioned Emerald as a strategic growth platform



1 Grow the Core

- Expand customer base throughout existing footprint
- Cross-sell more field repair and other services to existing customers
- Expand capital buyback program

2 Grow Refurbished Transformer Business

- Proactively acquire units to build refurbished transformer inventory
- Immediately increases quotable business by 30%

3 Expand Field Services

- Leverage deep customer relationships and industry-leading expertise to expand high-margin field service work
- Enhance field oil filtration capabilities in order to grow wallet share with existing customers and gain new customers
- Significantly expand Emerald's market opportunity with services for large power transformers

4 Facility Expansions and Upgrades

- Convert Phoenix facility to full-service facility with repair and refurbish capabilities to service the west coast
- Complete Phase II of Waco facility build-out

Additional Opportunities Not Included in the Forecast

5 Additional Expansion Opportunities

- Expand Florida repair line to increase throughput capacity by 30%+
- Target greenfield expansion in the Northeast

6 Actionable M&A Strategy

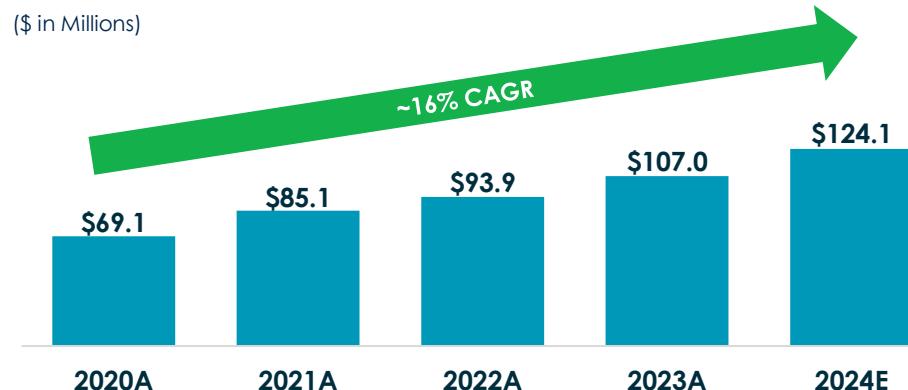
- Enhance density in large geographies, extension of current service capabilities and bolster or add attractive customer relationships
- Scale, reputation and relationships result in an impressive pipeline of potential acquisition targets
- Proven, established ability to successfully integrate acquired businesses



Proven Organic Growth

Consistent and Steady Growth at its Core...

(\$ in Millions)



...Building Momentum with Existing Customer Base

(\$ in Millions)

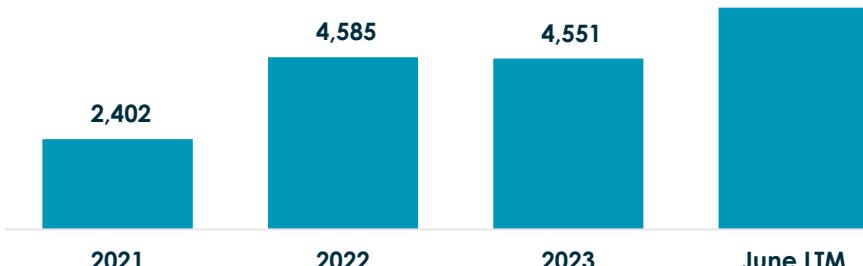


Growth in Capital Buyback Program

- Due to supply chain challenges with transformer OEMs, many utilities are changing their procurement methods by increasing the number of units that they repair vs. replace
- While repair services are traditionally treated as an operational expense and less ideal for utilities, Emerald has created a program in which these units can be purchased as part of their capital budgets
- Enabled by robust systems and processes where Emerald takes full ownership of the unit, tracks throughout its repair process and then returns that unit to the utility with a new nameplate, serial number and warranty

Capital Buyback Program Units

(Units in Actuals)

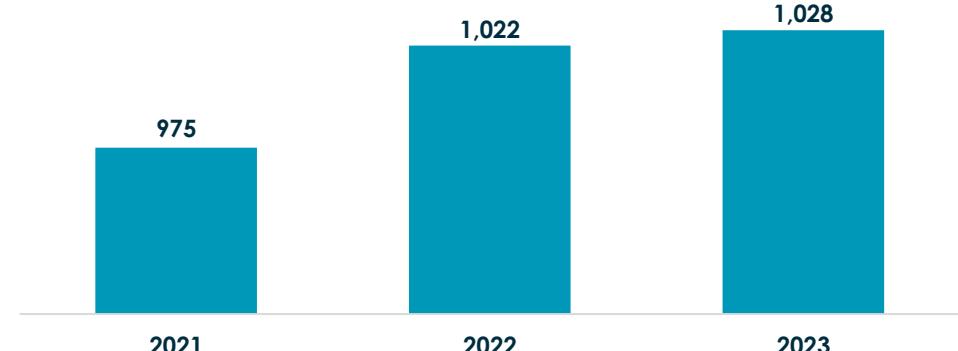


New Customer Wins



Serving a Growing Number of Customers

Total Customers by Year





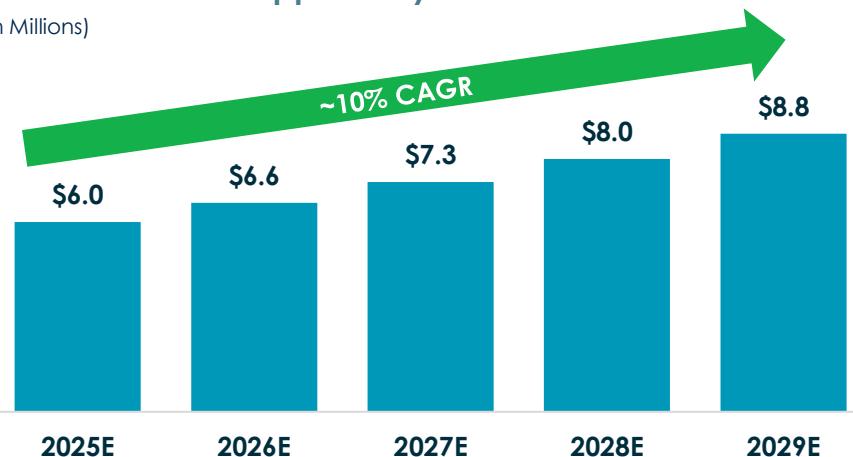
Overview

- Historically, Emerald has not actively purchased removed-from-service units to build an inventory for refurbished transformer sales
- As a result, Emerald immediately passes on ~30% of requests received for refurbished transformers due to the lack of availability
- A steady inventory of transformers would allow Emerald to quote \$26M in incremental opportunities annually as well provide industry-leading lead times, significantly beating OEM alternatives
- Further, through actively marketing its refurbished transformer stock, Emerald would expect additional opportunities not already in its sales funnel



Incremental Sales Opportunity

(\$ in Millions)



Significantly grow refurbished transformers sales funnel

Improved win rate with complete offering and competitive lead times



Expand Field Services



Management plans to leverage its deep customer relationships and industry-leading expertise to expand high-margin field service work

- Utilizes specialized field service crews that offer a full spectrum of in-field services, from on-site repairs and testing to the commissioning of new substations and diagnostic evaluation

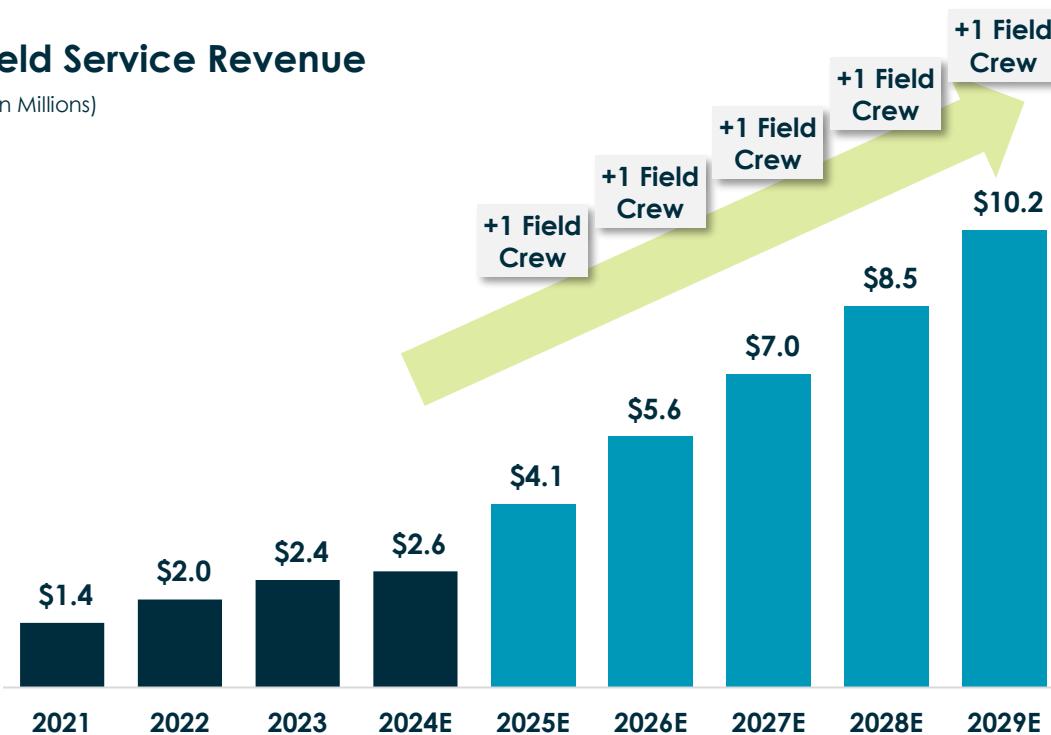


Field Services

- ✓ Testing
- ✓ Inspection
- ✓ Scheduled Maintenance
- ✓ Oil Filtration and Testing

Field Service Revenue

(\$ in Millions)



Growth Initiatives

- Fully equipping field service crews with mobile test and oil filtration equipment, enabling them to sample, test and treat oil in the field, which would immediately boost the productivity of existing crews
- Each crew as outfitted today generates **\$800k** in annual revenue at **70%+** gross profit margin; fully equipped, each crew could generate **\$1.2 - \$1.6M annually**
- 5-year plan adds field service crew in each of 2025-2029

Facility Expansions and Upgrades



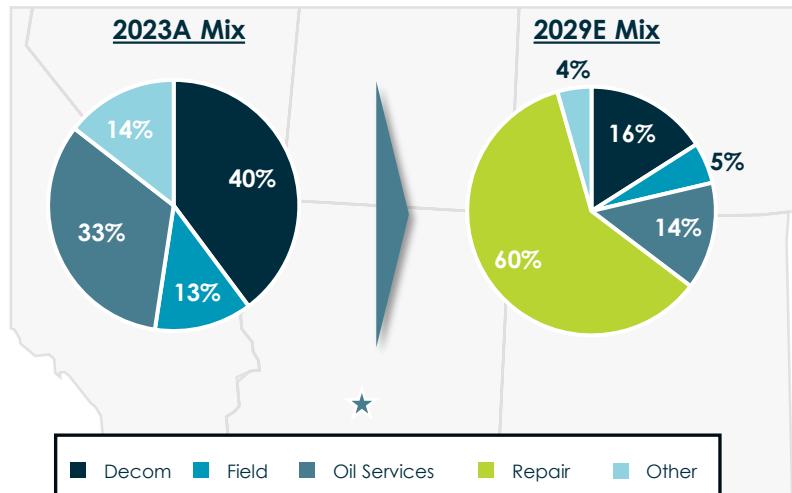
Management is excited about the opportunity to upgrade capabilities to existing locations and has factored future upgrades to its Phoenix and Waco facilities into the growth plan

Rationale

Phoenix Facility Upgrade

Adding New Repair Line

- Emerald does not have a repair center in the Western U.S.
- California IOU's have begun to buy more repair units
- Adding a new repair center in Phoenix will support the expanding repair and refurbish growth opportunity across the Southwest



Incremental Revenue: \$12M / yr. once completed
Required Investment: \$3M capital investment
\$20k / month lease (incremental)

Cash on Cash Return	Payback Period
151.2%	1.4 years

Source: U.S. Energy Information Administration (EIA).

Waco, TX Facility Build-Out

Phase I Completed	Phase II 2025
-------------------	---------------

- Opened in 2023, Emerald expanded into the Texas power market to better serve its growing customer base
- **Phase I** created the building and primary infrastructure to be a full-service repair center
- **Phase II** will expand padmount capabilities and further enhance facility throughput

Existing Anchor Tenant: Texas Electric Cooperatives

Potential New Customer	Location	# of Meters
Investor-Owned Utilities		
Oncor Electric Delivery Co	Texas	4.0 M
Entergy Corp	TX, AR, LA, MS	3.7M
Oklahoma Gas & Electric	Oklahoma	0.9 M
Public Service Co of Oklahoma	Oklahoma	0.6 M
Public Service Co of NM	New Mexico	0.6 M
Co-ops and Municipalities		
City of San Antonio	Texas	1.0 M
Southwest Louisiana E M C	Louisiana	0.1 M
Carroll Electric Coop	Arkansas	0.1 M

Incremental Revenue: \$8M / yr. once completed
Required Investment: \$2M capital investment
\$20K / month lease (incremental)

Cash on Cash Return	Payback Period
152.6%	1.3 years

Additional Expansion Opportunities Not Factored into Forecast



Outside of its current 5-year growth plan and forecast, Emerald has several more opportunities to increase its throughput or expand into new geographies

	Florida Expansion	Northeast Expansion																																														
Rationale	New Repair Line → +30-35% Repair Throughput <ul style="list-style-type: none"> Operating within an extremely active region for transformer services with broad commercial outreach, the Florida facility is Emerald's highest throughput repair facility The new building on the existing campus will allow for indoor painting and other key repair capabilities Repair and refurbish lines will grow significantly by the increased capacity and continuous improvement in Emerald's industry-best lead times 	Greenfield (or M&A) <ul style="list-style-type: none"> Northeast U.S. has among the densest transformer concentrations in the country as well as the oldest infrastructure Emerald's full suite of transformer solutions would enable it to displace the less institutionalized competitors in the area Logistical advantages of proximity to existing customers 																																														
Opportunity	<p>2023A Mix</p> <table border="1"> <thead> <tr> <th>Service Type</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Decom</td> <td>28%</td> </tr> <tr> <td>Field</td> <td>12%</td> </tr> <tr> <td>Oil Services</td> <td>3%</td> </tr> <tr> <td>Repair</td> <td>57%</td> </tr> </tbody> </table> <p>2029E Mix</p> <table border="1"> <thead> <tr> <th>Service Type</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Decom</td> <td>16%</td> </tr> <tr> <td>Field</td> <td>17%</td> </tr> <tr> <td>Oil Services</td> <td>2%</td> </tr> <tr> <td>Repair</td> <td>65%</td> </tr> </tbody> </table> <p>Legend: Decom (Dark Blue), Field (Teal), Oil Services (Medium Blue), Repair (Light Green)</p>	Service Type	Percentage	Decom	28%	Field	12%	Oil Services	3%	Repair	57%	Service Type	Percentage	Decom	16%	Field	17%	Oil Services	2%	Repair	65%	<p>Potential New Customer</p> <table border="1"> <thead> <tr> <th>Location</th> <th># of Meters</th> </tr> </thead> <tbody> <tr> <td>New York</td> <td>3.6 M</td> </tr> <tr> <td>New Jersey</td> <td>2.3 M</td> </tr> <tr> <td>Connecticut</td> <td>1.9 M</td> </tr> <tr> <td>Pennsylvania</td> <td>1.8 M</td> </tr> <tr> <td>New York</td> <td>1.7 M</td> </tr> <tr> <td>Pennsylvania</td> <td>1.5 M</td> </tr> <tr> <td>Maryland</td> <td>1.4 M</td> </tr> <tr> <td>Connecticut</td> <td>1.3 M</td> </tr> <tr> <td>New York</td> <td>1.2 M</td> </tr> <tr> <td>Maryland</td> <td>0.2 M</td> </tr> <tr> <td>New Hampshire</td> <td>0.1 M</td> </tr> <tr> <td>Maryland</td> <td>0.1 M</td> </tr> </tbody> </table> <p>Investor-Owned Utilities</p> <ul style="list-style-type: none"> Consolidated Edison Co Public Service Elec & Gas Co Avangrid PECO Energy Co Niagara Mohawk Power Corp. PPL Electric Utilities Corp Baltimore Gas & Electric Co Connecticut Light & Power Co <p>Co-ops and Municipalities</p> <ul style="list-style-type: none"> Long Island Power Authority Southern Maryland Elec Coop New Hampshire Elec Coop Choptank Electric Coop 	Location	# of Meters	New York	3.6 M	New Jersey	2.3 M	Connecticut	1.9 M	Pennsylvania	1.8 M	New York	1.7 M	Pennsylvania	1.5 M	Maryland	1.4 M	Connecticut	1.3 M	New York	1.2 M	Maryland	0.2 M	New Hampshire	0.1 M	Maryland	0.1 M
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Financial Impact	<p>Incremental Revenue: \$8-10M / yr. in repair / refurbish work</p> <p>Required Investment: \$4M capital investment; <u>land already owned</u></p> <table border="1"> <thead> <tr> <th>Cash on Cash Return</th> <th>Payback Period</th> </tr> </thead> <tbody> <tr> <td>95.5%</td> <td>1.7 years</td> </tr> </tbody> </table>	Cash on Cash Return	Payback Period	95.5%	1.7 years	<p>Incremental Revenue: \$15M+ / yr. once fully functional</p> <p>Required Investment: \$4.5M capital investment</p> <table border="1"> <thead> <tr> <th>Cash on Cash Return</th> <th>Payback Period</th> </tr> </thead> <tbody> <tr> <td>79.7%</td> <td>2.3 years</td> </tr> </tbody> </table>	Cash on Cash Return	Payback Period	79.7%	2.3 years																																						
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Source: U.S. Energy Information Administration (EIA).



Management has a proven ability to successfully integrate add-ons and is cultivating an active acquisition pipeline

Repair / Refurbish Capabilities		Enhance Breadth of Field Service Offering		Acquire Strategic Customer Relationships and Permits		Operations Foothold in Northwest and Northeast	
Target Overview		Capabilities				Activity	
Company	Employees	Repair & Refurbish	Decom	Field Services	Oil Services	Established Contact	NDA In-Place
Target 1 National	50+		✓			✓	✓
Target 2 Southwest	50+	✓	✓	✓		✓	✓
Target 3 Northeast	---	✓		✓		✓	
Target 4 Southeast	10+			✓		✓	✓
Target 5 Southeast	---			✓		✓	
Target 6 Midwest	---	✓	✓	✓			
Target 7 Midwest	50+	✓	✓	✓			
Target 8 Midwest	50+			✓		✓	
Target 9 National	50+		✓				
Target 10 National	100+			✓	✓		
Target 11 Midwest	---			✓		✓	

5

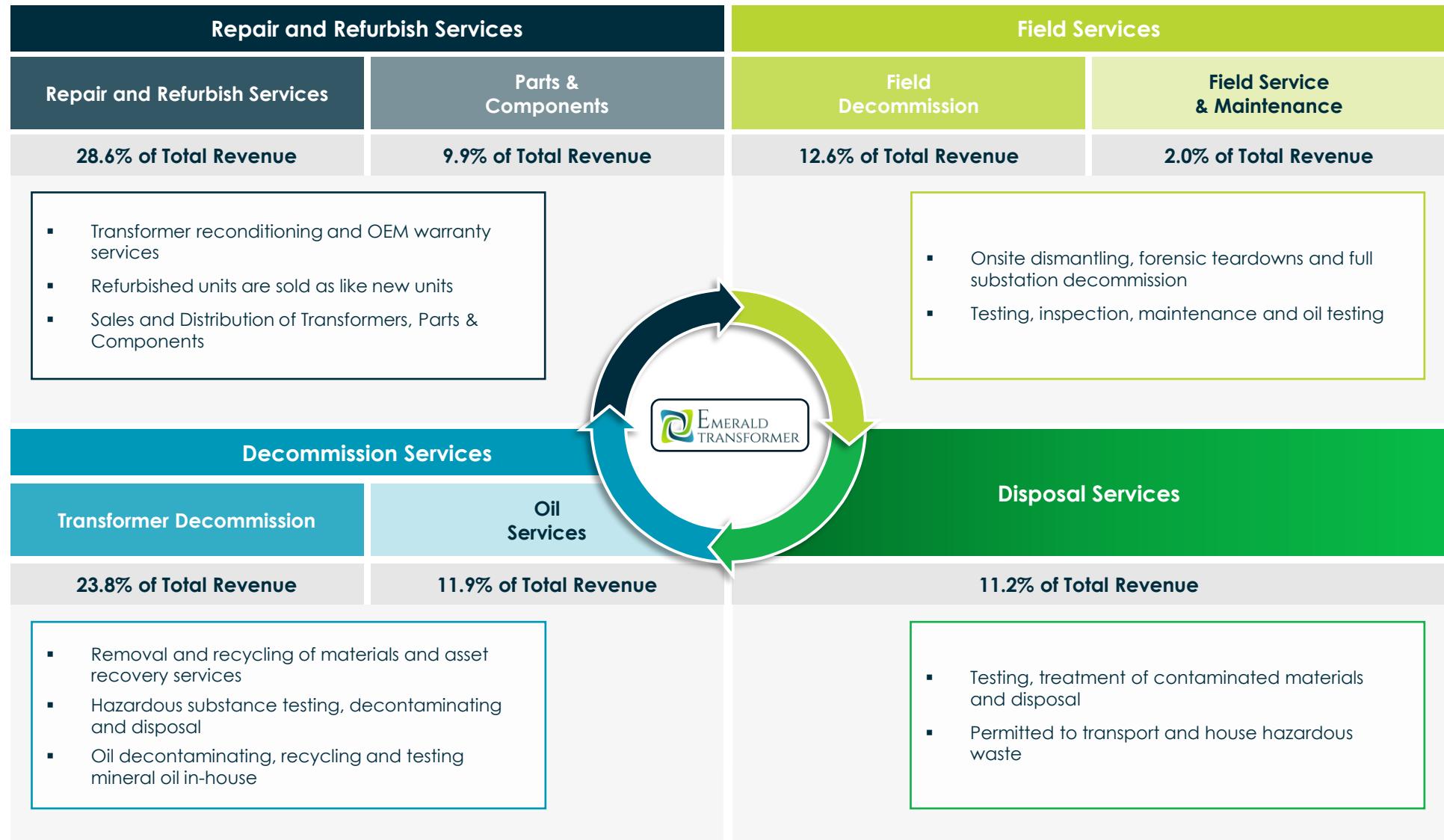
Business Overview



Full Suite of Transformer Services



Emerald provides a full suite of transformer services that helps its customers manage their critical electrical infrastructure

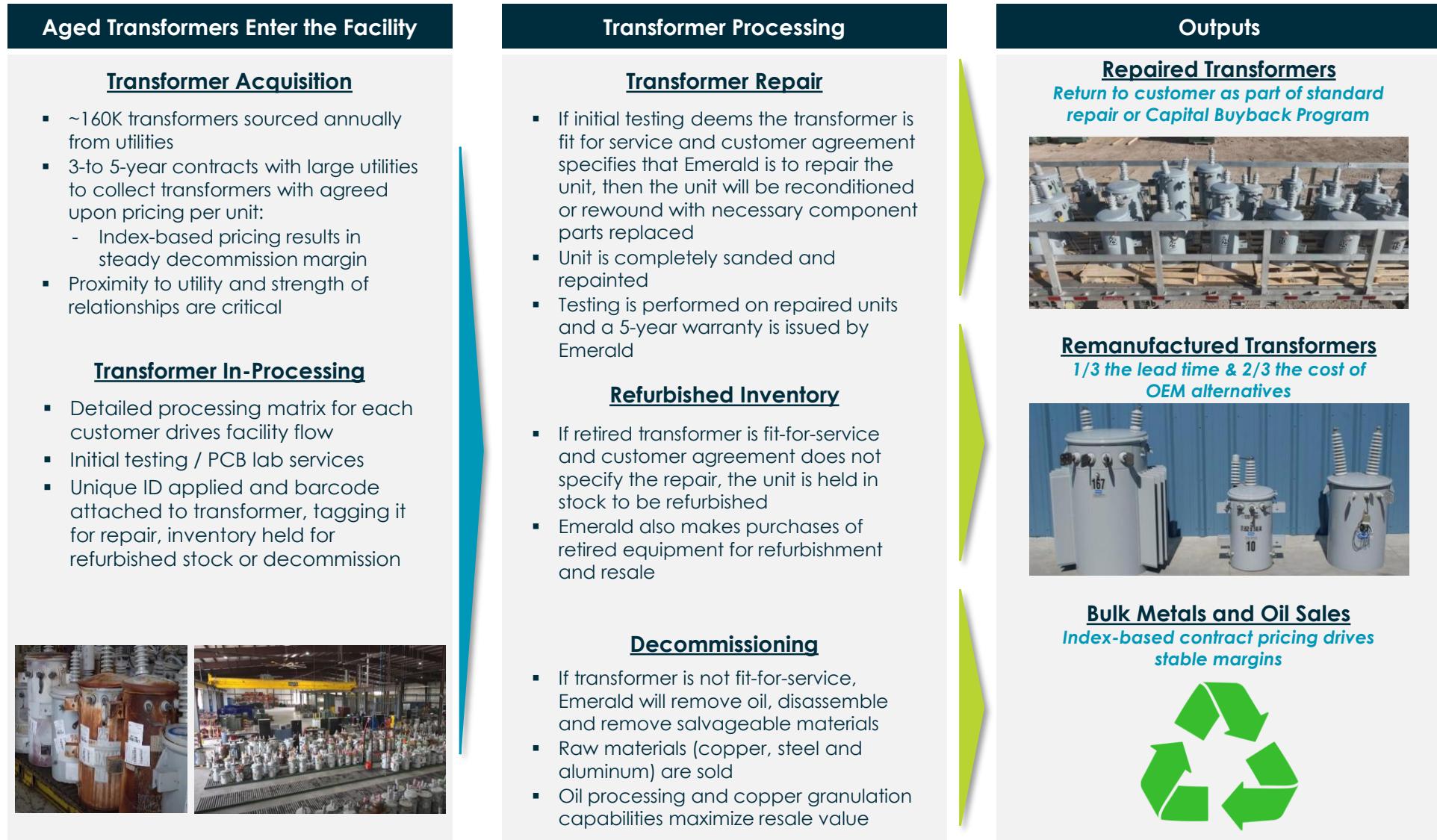


Note: Percentages based on LTM June-24 Revenue.

Emerald's Full-Service Facility Model



Emerald has established a scalable, replicable blueprint for the Full-Service Model



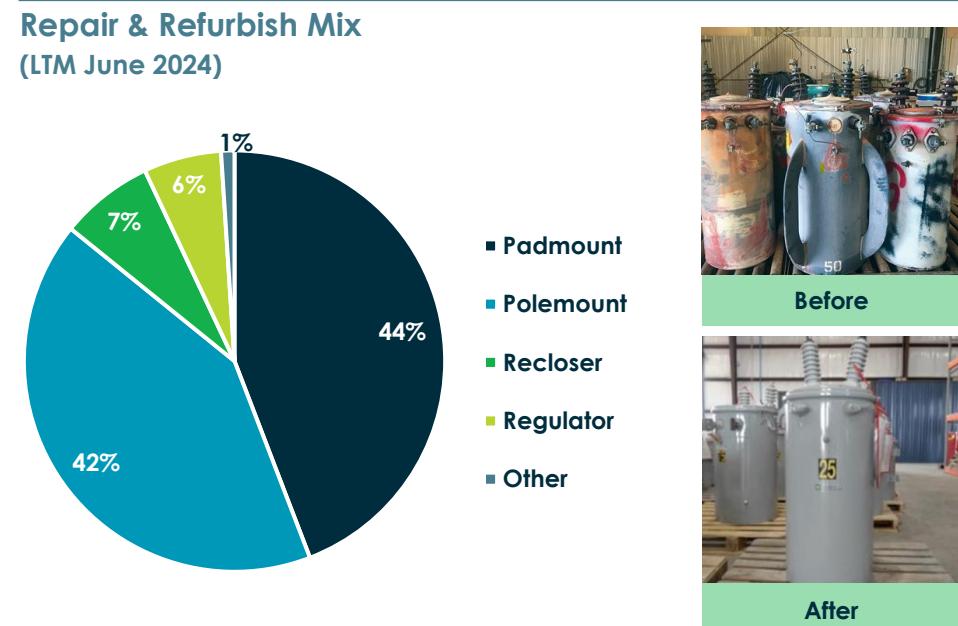
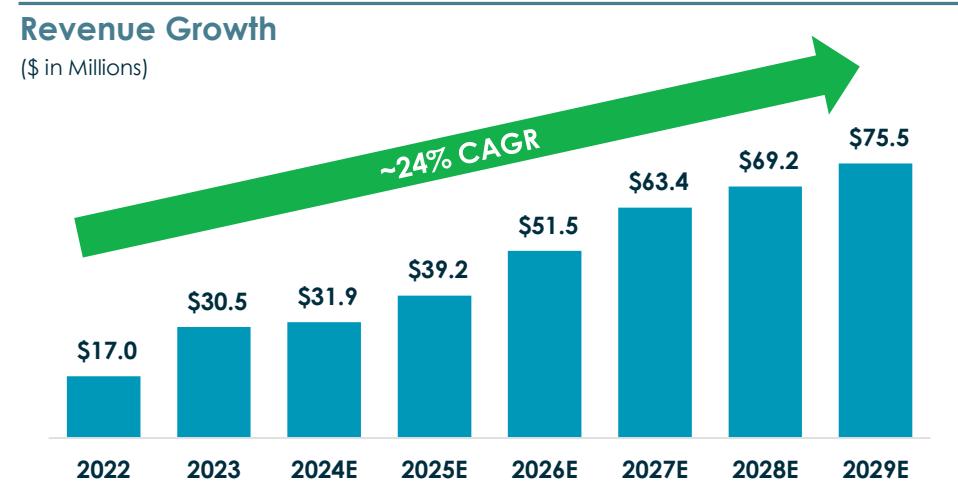


Repair & Refurbish Services

Emerald's in-house testing, repair and OEM warranty services enable it to repair all types of transformers

Capabilities
In-house Repair Services <ul style="list-style-type: none"> ▪ Capabilities range from minor reconditioning to full rewind services ▪ Bake-out performed as necessary to remove any residual moisture ▪ Defective parts repaired and replaced, including new gaskets and pressure relief valves ▪ Filled with new mineral oil or FR3 fluid, sanded, repainted and decaled
Comprehensive Testing <ul style="list-style-type: none"> ▪ Unit tested at multiple stages to ensure it is EOK (electronically sound) ▪ Final Phoenix test performed to ANSI/IEEE standards

Value Proposition
Lower Cost for an As-New Product <ul style="list-style-type: none"> ▪ A refurbished transformer can offer a 30-70% initial cost savings over new equipment ▪ Like-new condition and include an industry-leading 5-year warranty period that outpaces most OEM coverage of only one year
Readily Available <ul style="list-style-type: none"> ▪ Emerald transformers are readily available in common voltages, as opposed to OEM transformers, which can take 3-6 months to fabricate and deliver ▪ As a result, Emerald offers 2x shorter lead times than OEM alternatives



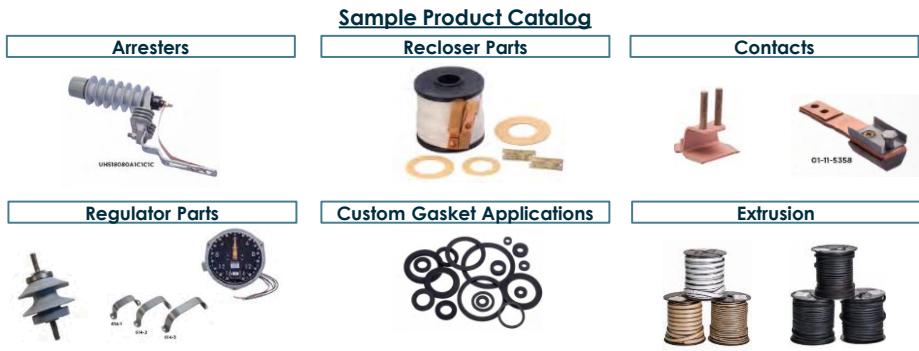
Sales and Brokerage of Transformers, Parts & Components



Through its entrenched position across the transformer sector, Emerald is a key supply chain partner for new transformers, parts and components

Transformer Gasket and Component – An Emerald-owned Company

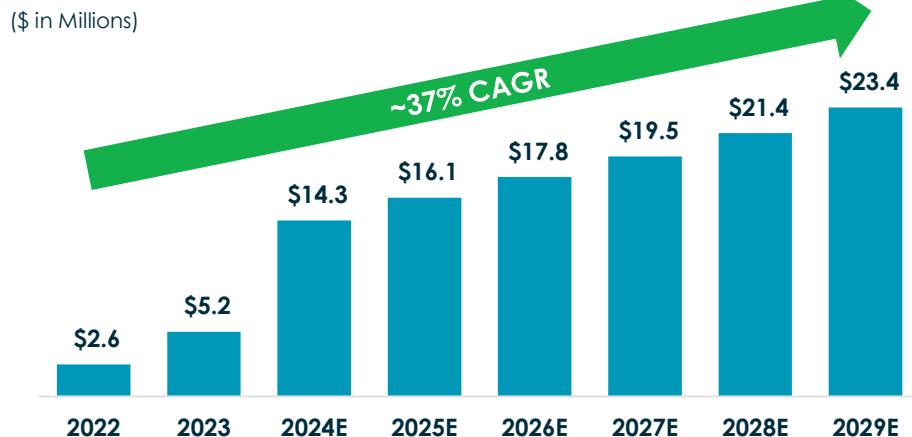
- Emerald currently stocks 1,500+ parts through its Transformer Gaskets and Components (TGC) business with many components available for immediate shipment
- This business has seen tremendous growth with its strong position in a high demand marketplace and has significantly reduced lead times for key products with cooperative buying agreements
- The TGC business is also used to support Emerald's Repair & Refurbish work nationwide
- In addition to parts supply, TGC has custom gasket manufacturing capabilities for customer-specific applications



Third-Party New Transformer Sales

- In-depth network and overall position in the transformer supply chain critical to Emerald's success
- This enables Emerald to broker new and used transformers across its various locations
- Minimal operating overhead and inventory investment required

Revenue Growth



Licensed Distributor for Leading OEMs



HOWARD INDUSTRIES, INC.



Field Decommission Services



Nationwide crews complete on-site dismantling, forensic teardowns and full substation decommissioning

Field Decommission Services

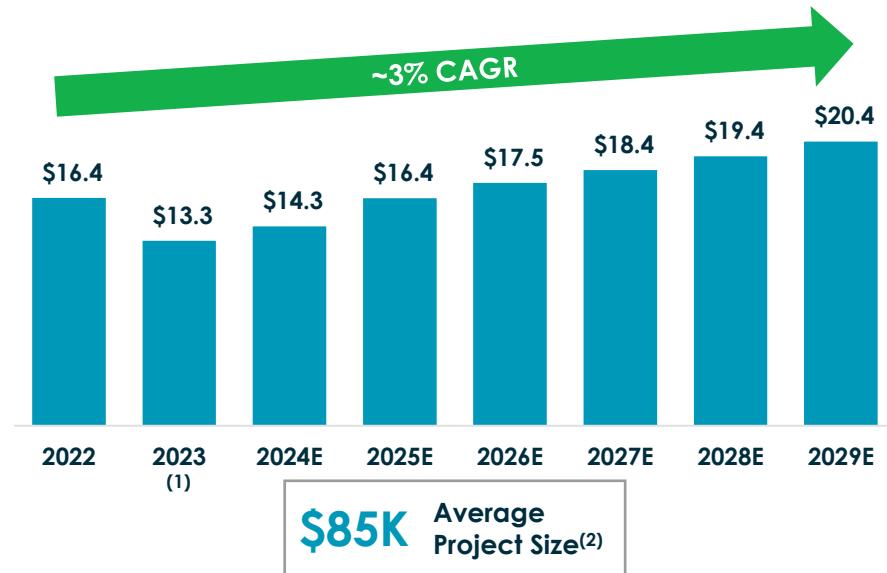
- For more than 20 years, Emerald has provided utilities with shutdown and removal services for substation transformers and ancillary equipment
- Services vary from simply loading equipment to be dismantled off-site at an Emerald facility, dismantling selected equipment on-site, or removing the entire substation
- Each project plan is carefully tailored to the customer's unique needs, while adhering to strict safety protocols and environmental regulations
- Emerald operates EPA-TSCA permitted facilities for oil analysis and PCB waste disposal and employs Hazardous Materials Management (HAZMAT) certified drivers and OSHA trained crews and utilizing a robust support system
- Field decommission services are performed on all types of equipment, including but not limited to:
 - Transformers
 - Bushings
 - Tap Changers
 - Radiators
 - Reclosers
 - Circuit Breakers
 - Regulators
 - Substations
 - Oil

42
Customers
in 2023



Revenue Growth

(\$ in Millions)



(1) Many substation changeovers were delayed in 2023 due to longer lead times on new substation transformers. Through the first 6 months of 2024, Emerald has done \$8.8M in Field Decommission work.

(2) Based on 2022 – March 2024 project-level revenues.

Field Service & Maintenance



On-site repairs and testing, preventative maintenance and diagnostic evaluations of any type of substation equipment – transformers, regulators and reclosers

Field Service & Repair Capabilities

Testing Capabilities

- Megger, Doble, TTR, Power factor, winding resistance, excitation current and SFRA tests

Inspection

- Inspection for leaks along with broken or damaged components
- Gauges, trip and alarm circuits and fan circuits testing
- Sudden pressure relay and sudden pressure relief device inspection and testing, if necessary
- Nitrogen system checks for proper operation

Scheduled Maintenance

- Bushings
- No-load tap changer
- Radiators
- Current Transformers

Oil Testing

- PCB, DGC and dielectric oil sampling and testing
- Oil filtration

92

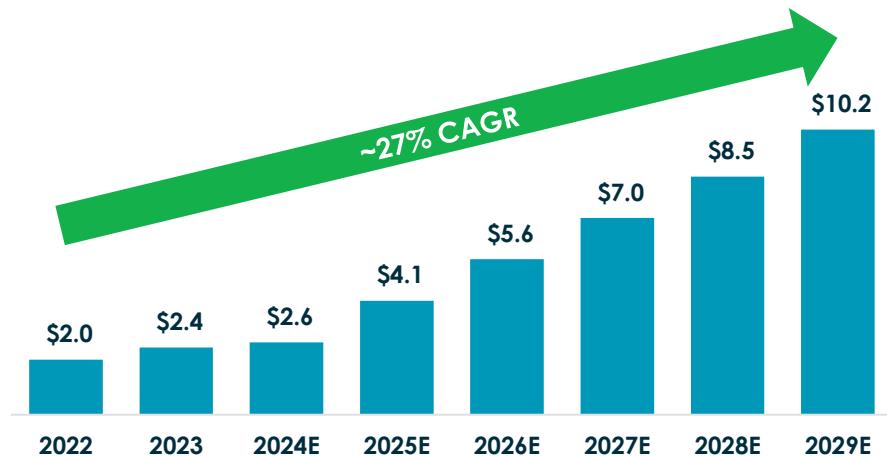
Customers
in 2023

20

States Served
in 2023

Revenue Growth

(\$ in Millions)



Disposal Services



Emerald's robust permitting at all levels enables full-set of disposal services

Complete Adherence to Regulatory Guidelines

- Emerald's PCB management facilities are EPA-TSCA permitted to treat, dispose, consolidate and transfer all types of PCB waste
- In order to provide these services, Emerald maintains a full set of permits that takes years to obtain:
 - **Federal:** U.S. Environmental Protection Agency (EPA) requirements, by facility
 - **State:** State-by-state requirements for various environmental protections
 - **Transportation:** State-by-state and by driver transportation permit requirements

Industry-Leading Documentation

- Highly sophisticated and reliable record-keeping system
- Captures and stores key information (including PCB status) about every transformer that passes through Emerald's facilities enabling the complete tracking of a unit from its initial operation until the day it is permanently retired
- Emerald manages the entire record-keeping and document control process, ensuring that its customers have robust documentation for their disposed units for regulatory purposes

5

Approved and
Permitted PCB
Commercial
Storage Facilities

EPA-TSCA

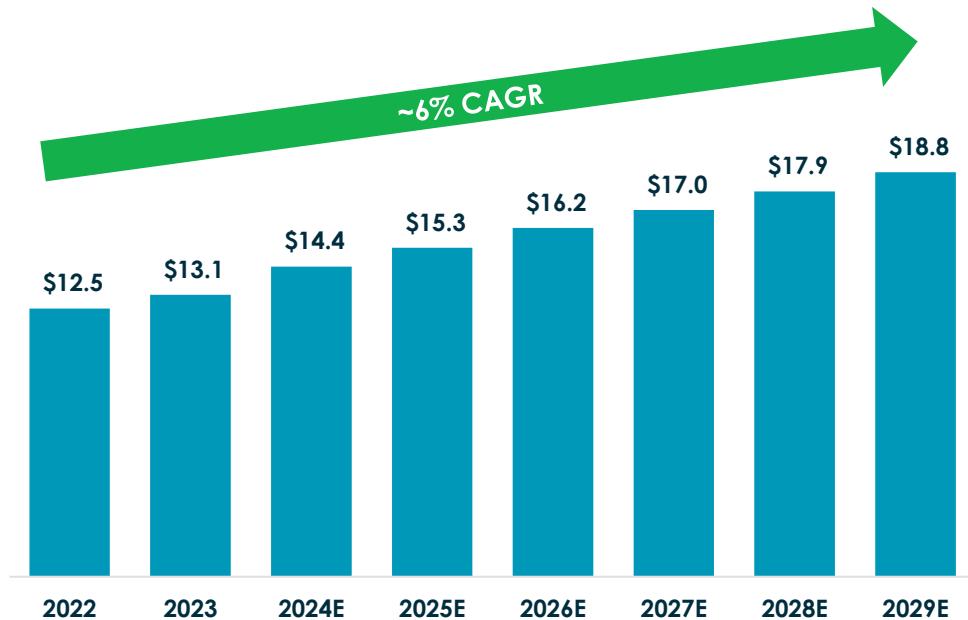
Permitted to Treat,
Dispose, Store,
Consolidate and
Transfer PCB Waste

Only Transformer
Decommission
Provider DTSC-
permitted in CA

Cradle-to-Grave
Paperwork

Revenue Growth

(\$ in Millions)



Transformer Decommission



Emerald's decommissioning capabilities maximize asset recovery value for customers in an efficient and reliable manner while meeting regulatory guidelines

Consistent and Predictable Returns

- Emerald maximizes the value of disassembled units through strength of relationships throughout the transformer supply chain and recycling processes
- Emerald has negotiated metals and oils index mechanisms into its significant contracts with utilities to ensure consistent margins on decommissioned transformers

Blended Decommission and Disposal Services Margin

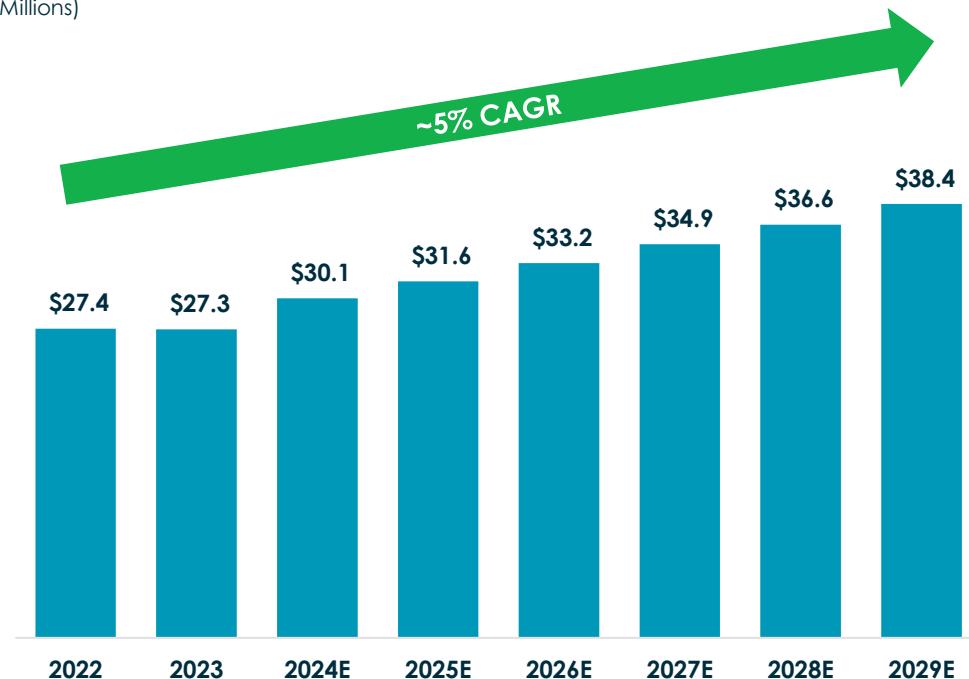


Operational Excellence

- One-stop-shop for all transformer needs with the ability to strategically select transformers for decommission or repair based on customers' specifications
- All equipment tracked with customized reporting and accurate cradle-to-grave paperwork

Revenue Growth

(\$ in Millions)

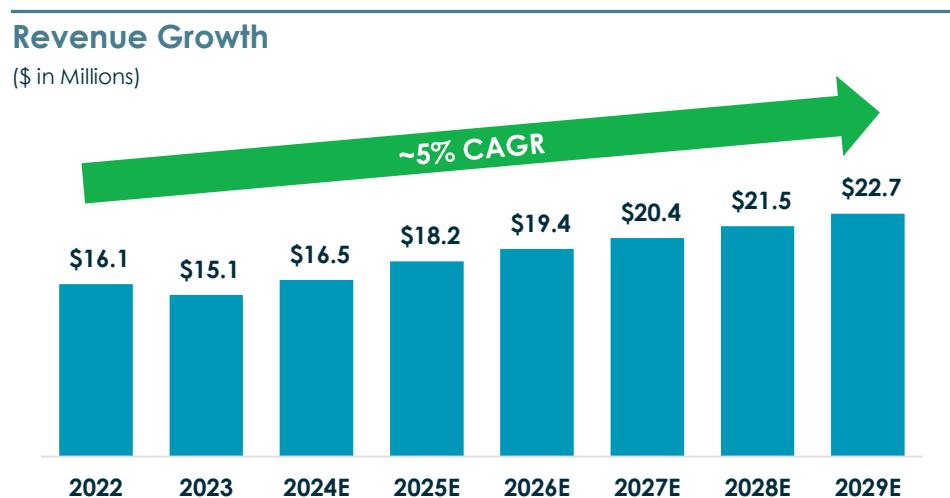
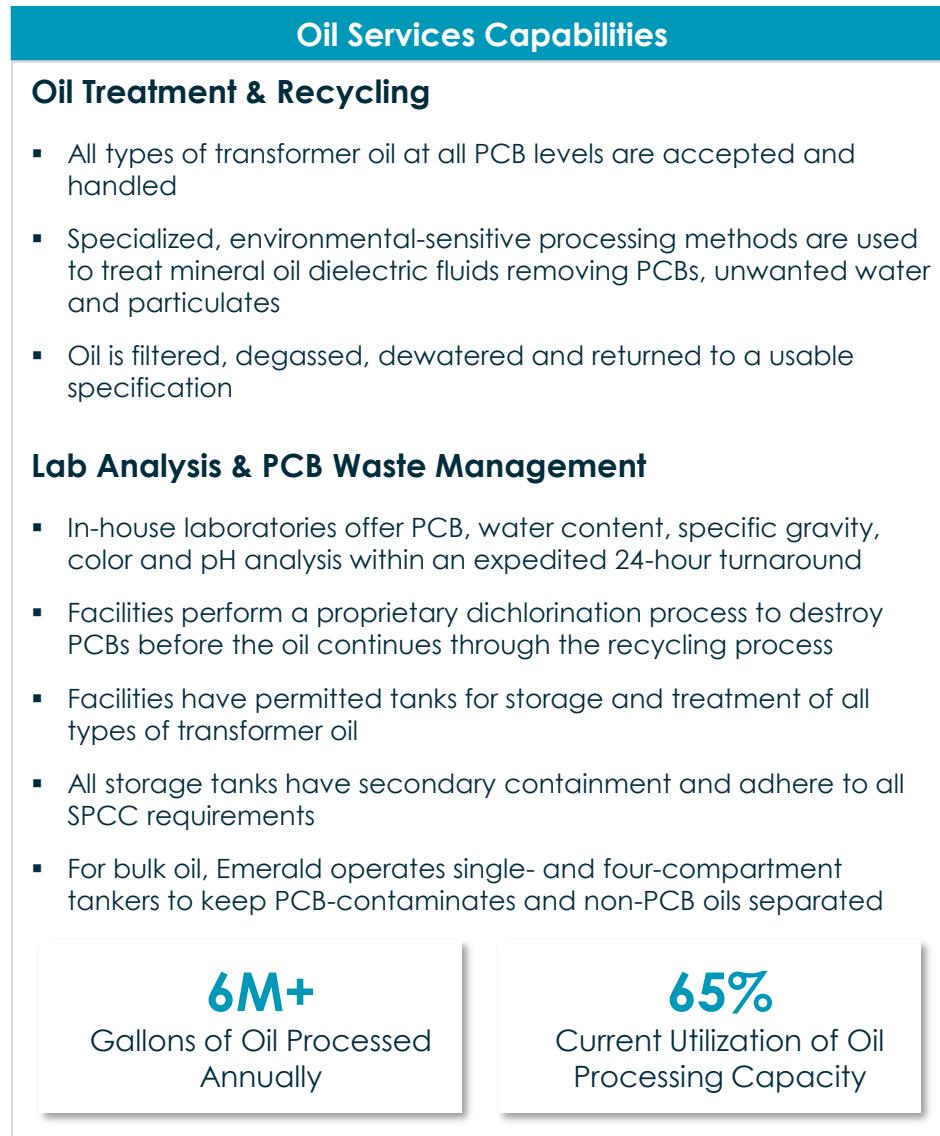


The Transformer Recycling Flow

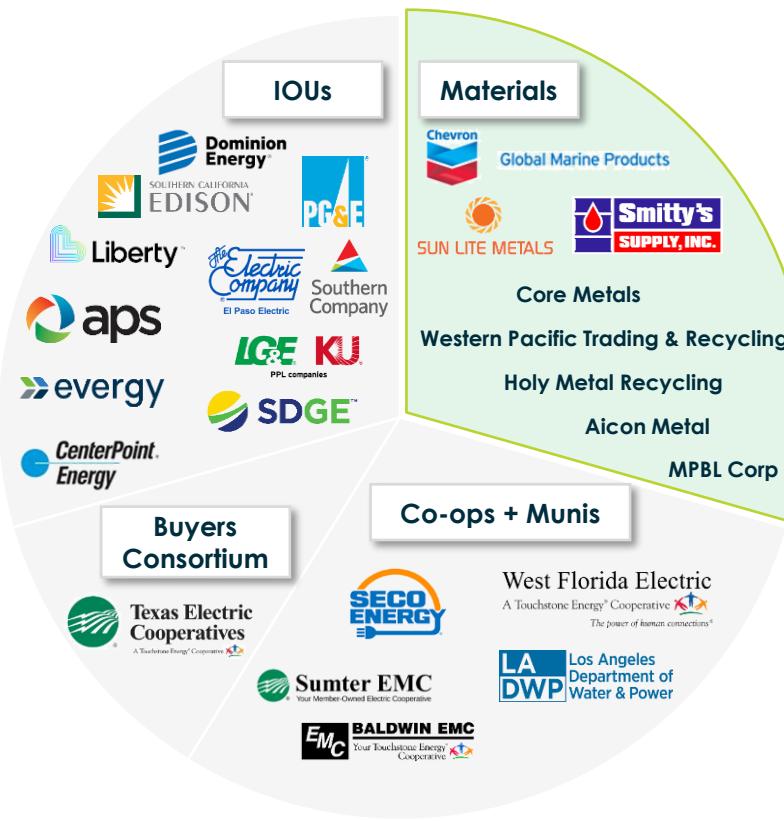
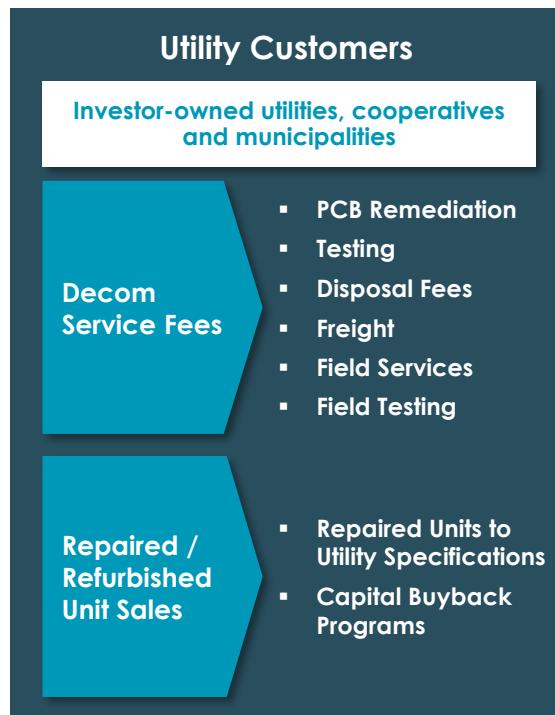




Emerald provides a full range of oil services including lab analysis, reprocessing, treatment and recycling through its EPA-TSCA permitted facilities



Serving a Broad Customer Base with Entrenched Relationships



Top 5 Utility Customers				Top 5 Material Purchasers			
Customer	Tenure (Years)	% of LTM Sales ⁽¹⁾	Under Contract	Materials Purchaser	Type	Tenure (Years)	
Customer A	2	8.4%	Yes	Purchaser A	Metals Purchaser	10+	
Customer B	20+	8.3%	Yes	Purchaser B	Metals Purchaser	10+	
Customer C	30+	7.3%	Yes	Purchaser C	Metals Purchaser	10+	
Customer D	<1	3.5%	Yes	Purchaser D	Metals Purchaser	10+	
Customer E	2	2.1%	Yes	Purchaser E	Broker	10+	

(1) Based on LTM June-24 invoiced utility revenue with material offtake revenue allocated based on volume to show the full amount of revenue generated from each utility customer.

Proven Leadership Team with Strong Bench Depth



Stuart Prior
Chief Executive Officer



Corporate Leadership

Appointed CEO of Emerald in 2016. Previously served as CEO of Thyssenkrupp Elevator Americas from 2008 to 2016



Business Transformation

Grew to \$1B+ revenue and achieved 20% EBIT as CEO of Latin American/Brazil field and factory operations. Since arriving at Emerald, has consolidated and optimized operations and established Emerald as a growth platform



Mark Newman
Chief Financial Officer



Financial Leadership

Appointed Emerald CFO in 2017. 30 years of experience across a variety of corporate finance and accounting functions including 20+ years in the manufacturing industry



Execution Driven

Completed multiple financing transactions as CFO, including capital raises and refinancings alongside sponsor partners. Since arriving at Emerald, has systemized financial reporting and lead the implementation of a new ERP system



Meredith Allred
Director of HR and Safety Compliance



Workforce Optimization

Has been with Emerald for over 10 years and currently supports all 9 locations and 380+ employees in HR efforts



Employee Advocate

Over 25 years of experience, including strategic planning, payroll processing, benefits, recruiting, retention and employee development. She holds the certification of SHRM-SCP



Jessica Pennington
Environmental Compliance Director



Environmental Leader

15 years of professional experience in Environmental Management, with the last 10 years at Emerald holding a number of key environmental and safety positions



Certified

Certified Environmental and Safety Compliance Officer as recognized by the National Registry of Environmental Professionals and a Certified Safety Management Practitioner



Chris Ash
Director of Sales - East



Sales Leader

Has been with Emerald for over 9 years and has over 14 years of sales experience



Relationship Managers

Directs the sales team maintaining relationships and growing sales with Emerald's largest customers. Oversees the Twinsburg, Tucker and DeFuniak Springs locations



Kelli Fox
Director of Sales - West



Sales Leader

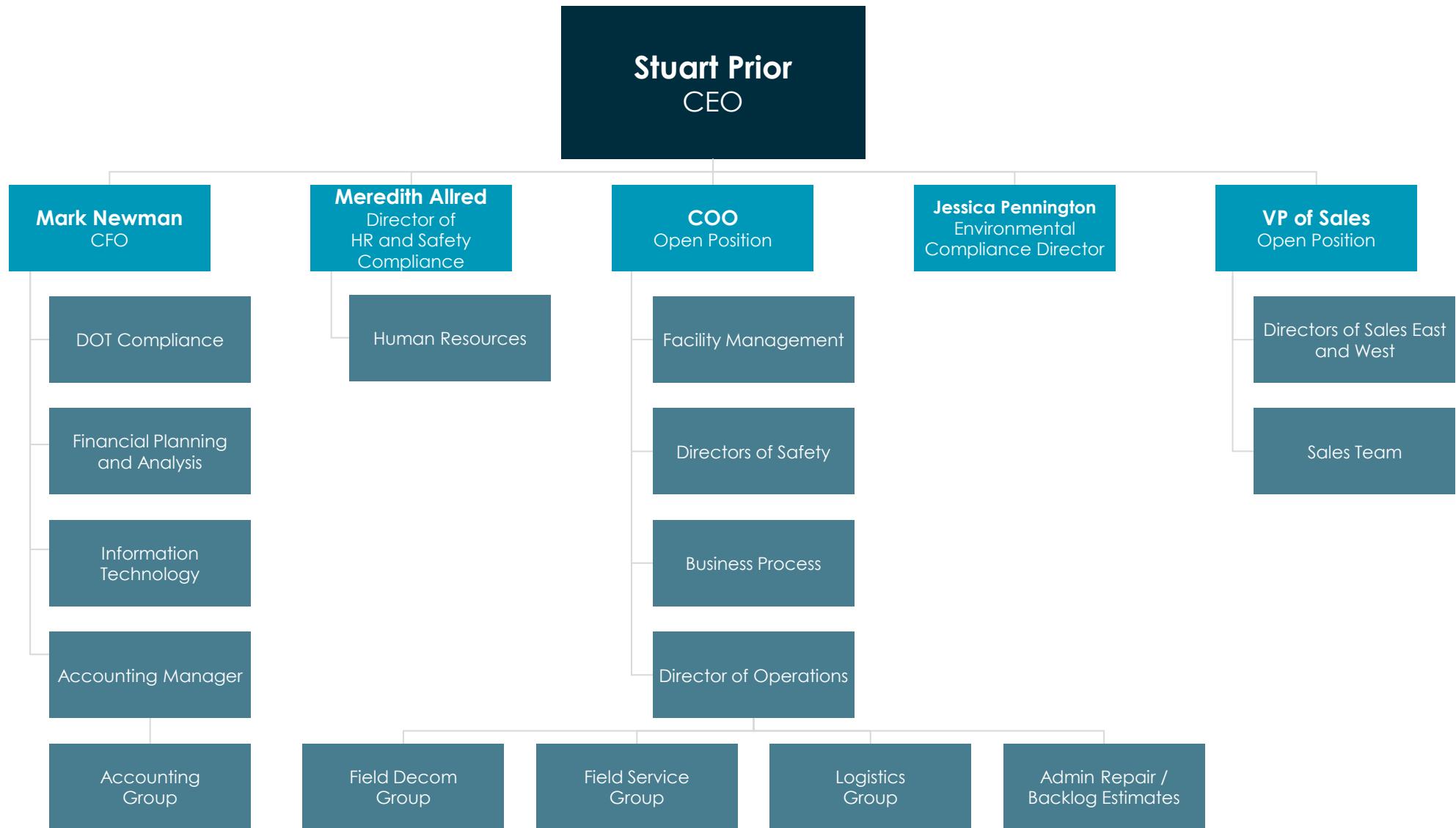
11 years of sales experience including prior roles as Sales Director and Regional Sales Manager for Emerald



Relationship Managers

Directs the sales team maintaining relationships and growing sales with Emerald's largest customers. Oversees the Los Angeles, Phoenix, Waco and Coffeyville locations

Organizational Structure





Emerald's nationwide footprint is enabled by a robust and active fleet

Overview

- Emerald's model begins with a steady supply of transformers removed from service
- Emerald makes regular runs to hundreds of utility customers across the nation
- Long-term relationships with IOUs, Co-Ops and Munis

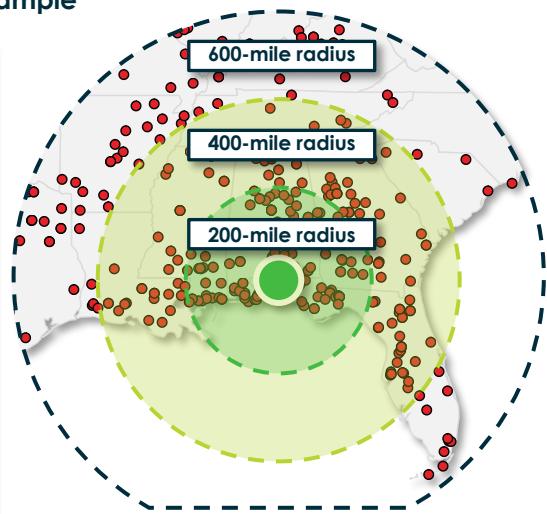
50+	7 years	96/100	34
Fleet Size	Average Employment Tenure	Average Driver Safety Score ⁽¹⁾	State-specific Transportation Permits



Proximity to Customer Matters

DeFuniak Springs Facility example

- Drivers regularly make "rounds" to utility customer maintenance yards
- The backbone of Emerald's logistics network is its strategically placed facilities
- Proximity to customer maximizes the value of the relationship and helps maintain a partnership approach



Robust Fleet Permitting Process

Individual Driver Requirements

- ✓ Department of Transportation (DOT) Certification
- ✓ DOT Hazmat trained
- ✓ Driver qualification review, CDL Endorsements and medical examinations

Federal & State Requirements

- ✓ 34 individual state permits for handling of specific materials
- ✓ Pipeline and Hazardous Materials Safety Administration (PHMSA) certification
- ✓ Federal Motor Carrier Safety Administration (FMCSA) certification maintenance - safety score driven

(1) YTD 2024.



Emerald's strong commitment to its employees has fostered an industry-best workforce

Overview

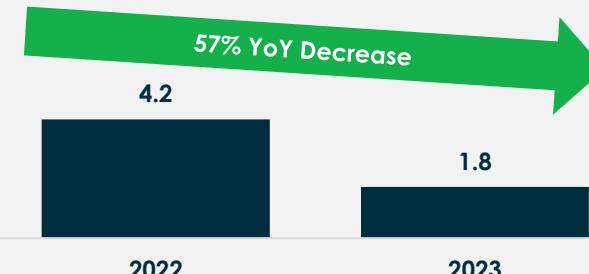
- Emerald employs over 350 individuals across 8 facilities and a corporate headquarters in McKinney, TX
- The Company provides quality benefits, including:
 - 3 different medical insurance options
 - Life, vision, dental and supplemental insurance
 - Tuition reimbursement
 - Competitive 401k match and vesting timeline
 - Weekly pay

Employee Breakdown

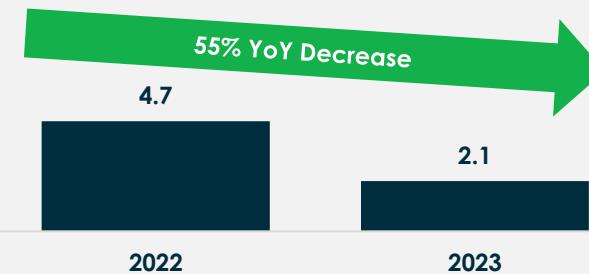
Position	Employee Count	Average Tenure (Years)	% of Total
Corporate:			
Leadership	2	7	1%
Operations	5	4	1%
Accounting & HR	18	3	5%
Safety & Compliance	6	10	2%
Total Corporate	31	6	8%
Facility:			
Sales & Business Development	27	4	7%
Administrative	12	1	3%
Disposal & Decommission	68	7	18%
Lab & Testing	11	5	3%
Operations	62	6	16%
Repair & Refurbish	90	6	24%
Parts	11	5	3%
Total Facility	281	6	74%
Field:			
Field Decommission	27	7	7%
Field Service	11	14	3%
Total Field	38	9	10%
Total Logistics	31	7	8%
Total Employees	381	6	100%

Organizational Commitment to Safety

DART
(Days Away, Restricted or Transferred)



TRIR
(Total Recordable Incident Rate)



- Emerald has had a steady improvement in safety metrics during the current management team's tenure
- An organization-wide commitment to safety, best practices and improvements in facility design and processes drive continued improvement in employee safety

Permitting Snapshot



Emerald operates in a complex permitting environment that requires continual adherence to federal and state guidelines and regulations, from the corporate level down to the individual driver

Federal: U.S. Environmental Protection Agency (EPA)

Toxic Substances Control Act (TSCA)
Facility-level certification for handling and disposal of PCB-contaminated materials

5 TSCA-permitted facilities

Resource Conservation and Recovery Act (RCRA)
Facility-level certification for the receipt of coded hazardous waste

2 RCRA-permitted facilities

State: State-by-state requirements for various environmental protections

25 State-specific Permits

Dept. of Toxic Substances Control (CA - Specific) ⁽¹⁾	Hazardous Waste Permits	Specialized Testing and Equipment Permits	Air Quality Permits	Oil Handling Permits	Wastewater / Runoff Permits
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Transportation: State-by-state transportation permit requirements

By Driver
✓ DOT Certified Drivers with Continuing DOT Hazmat training
✓ Federal PHMSA and FMCSA transportation certifications

By State
✓ 34 individual certifications across 31 states
✓ Based on type of material – hazardous waste, used oil, etc.

(1) Emerald is the only transformer decommission and disposal services provider holding the DTSC permit in California.



6

Financial Overview





Historical Income Statement

(\$ in Millions)

	Historical FYE 12/31,		LTM Jun-24
	2022A	2023A	
Revenue:			
Repair Services and Refurbished Solutions ⁽¹⁾	\$ 19.6	\$ 35.8	\$ 45.9
Decommission and Disposal Services ⁽²⁾	39.9	40.4	41.7
Oil Services	16.1	15.1	14.2
Field Services ⁽³⁾	18.4	15.7	17.4
Revenue	\$ 93.9	\$ 107.0	\$ 119.3
Cost of Sales	\$ 42.6	\$ 46.3	\$ 54.6
Gross Profit	\$ 51.2	\$ 60.6	\$ 64.7
Operating Expenses:			
Freight Expense	\$ 2.6	\$ 6.3	\$ 6.8
Transportation Internal	7.1	4.9	5.2
Plant Expense	18.6	21.4	23.1
Administration	11.3	13.1	14.3
Operating Expenses	\$ 39.5	\$ 45.7	\$ 49.4
Pro Forma Adjusted EBITDA	\$ 11.7	\$ 15.0	\$ 15.3
Growth Rates:			
Repair Services and Refurbished Solutions ⁽¹⁾	—	82.9%	—
Decommission and Disposal Services ⁽²⁾	—	1.4%	—
Oil Services	—	(6.3%)	—
Field Services ⁽³⁾	—	(14.5%)	—
Revenue	---	14.0%	---
Margins:			
Gross Profit	54.6%	56.7%	54.2%
EBITDA	12.5%	14.1%	12.9%

(1) Includes Repaired and Refurbished Transformers and Sales and Brokerage of Transformers, Parts & Components.

(2) Includes Disposal and Decommission Services and material offtake revenues.

(3) Includes Field Decommission and Field Services.

Commentary

- History of steady topline growth supported by a loyal utility customer base and growing number of removed-from-service transformers
- Further development of the full suite of services with the establishment of the Repair and Field Service business lines, turning the Company into a Transformer Services platform
- Changes in transformer mix (pole mount vs. pad mount and various voltage ranges) drive margin movement period-to-period
- Contracts with index-based commodity pricing enable Decommission margins to stay within a narrow spread, with changes in mix and methodologies driving smaller fluctuations
- Lower margin Field Decommission jobs in Q1'24 drove an overall decline in LTM Field margin. These projects are not indicative of the profitability of projects in the forecast or those that have been executed since

Projected Income Statement



(\$ in Millions)

	Projected FYE 12/31,					
	2024E	2025E	2026E	2027E	2028E	2029E
Revenue:						
Repair Services and Refurbished Solutions ⁽¹⁾	\$ 46.2	\$ 55.3	\$ 69.3	\$ 82.9	\$ 90.6	\$ 99.0
Decommission and Disposal Services ⁽²⁾	44.5	46.9	49.4	51.9	54.5	57.2
Oil Services	16.5	18.2	19.4	20.4	21.5	22.7
Field Services ⁽³⁾	16.9	20.4	23.0	25.4	27.9	30.6
Revenue	\$ 124.1	\$ 140.9	\$ 161.1	\$ 180.6	\$ 194.5	\$ 209.5
Cost of Sales	\$ 58.1	\$ 65.8	\$ 75.2	\$ 84.0	\$ 89.9	\$ 96.2
Gross Profit	\$ 65.9	\$ 75.1	\$ 86.0	\$ 96.6	\$ 104.6	\$ 113.3
Operating Expenses:						
Freight Expense	\$ 5.6	\$ 6.6	\$ 8.0	\$ 9.2	\$ 10.0	\$ 10.8
Transportation Internal	5.9	6.5	7.1	7.7	8.2	8.7
Plant Expense	23.2	23.8	25.0	25.7	26.5	27.3
Administration	12.9	13.3	13.8	14.2	14.7	15.2
Operating Expenses	\$ 47.5	\$ 50.2	\$ 53.9	\$ 57.0	\$ 59.4	\$ 62.1
Pro Forma Adjusted EBITDA	\$ 18.4	\$ 24.9	\$ 32.0	\$ 39.7	\$ 45.1	\$ 51.2
Growth Rates:						
Repair Services and Refurbished Solutions ⁽¹⁾	29.1%	19.9%	25.3%	19.5%	9.3%	9.3%
Decommission and Disposal Services ⁽²⁾	10.1%	5.3%	5.4%	5.0%	5.0%	5.0%
Oil Services	9.2%	10.6%	6.4%	5.3%	5.3%	5.4%
Field Services ⁽³⁾	7.8%	20.8%	12.6%	10.5%	9.7%	9.8%
Revenue	16.0%	13.6%	14.4%	12.1%	7.7%	7.7%
Margins:						
Gross Profit	53.1%	53.3%	53.3%	53.5%	53.8%	54.1%
EBITDA	14.8%	17.6%	19.9%	22.0%	23.2%	24.4%

(1) Includes Repaired and Refurbished Transformers and Sales and Brokerage of Transformers, Parts & Components.

(2) Includes Disposal and Decommission Services including material offtake revenues.

(3) Includes Field Decommission and Field Services.

Drivers and Assumptions

- Continued growth in the Repair segment with the Phase II expansion of the Waco facility and adding repair capabilities at the Phoenix facility, significantly improving Repair throughput in markets with increasing Repair demand
- Addition of field service crews to replicate and expand on the services historically provided
- Continued growth in Decommission and Disposal as the power grid ages and requires replacement at an increasing pace
- Continued improvement in execution and replication of Waco improvements across the Emerald footprint
- Further management of plant and administration costs as the business scales



Pro Forma Adjusted EBITDA Detail

(\$ in Millions)

QoE EBITDA Reconciliation

	Historical FYE 12/31,		LTM
	2022A	2023A	Jun-24
EBITDA			
	\$ 6.0	\$ 9.8	\$ 12.0
Due Diligence Adjustments			
A Non-operational Income (Expense)	\$ 1.5	\$ (0.2)	\$ 0.1
B Non-recurring Income (Expense)	1.3	0.8	0.4
C Bonus Normalization	0.0	(0.0)	(0.3)
D Other Due Diligence Adjustments	0.4	0.2	0.1
Total Diligence Adjustments	\$ 3.3	\$ 0.8	\$ 0.4
Diligence Adjusted EBITDA	\$ 9.3	\$ 10.6	\$ 12.4
Pro Forma Adjustments			
E New Facility Cost Structure Alignment	\$ 1.7	\$ 2.9	\$ 1.3
F Waco Facility Fire Adjustment	-	0.9	(0.1)
G Waco Run-Rate Capacity Normalization	-	-	0.8
H Waco Material Costs Normalization	-	-	0.2
I Discontinued Locations Held for Sale	0.7	0.7	0.7
J Rent Expense Normalization	-	(0.0)	0.0
Total Pro Forma Adjustments	\$ 2.5	\$ 4.4	\$ 2.9
Pro Forma Adjusted EBITDA	\$ 11.7	\$ 15.0	\$ 15.3

Adjustments Overview

- A Adjustments to remove non-operational income and expenses such as escrow payments related to the VPG transaction, the gain/(loss) on sale of vehicles, asset retirement obligation costs, building impairment cost, legal settlement proceeds and other non-operational expenses
- B Adjustments to remove one-time charges such as EPA penalties, legal fees, recruiting fees and other professional fees
- C Normalization of annual bonus expense to actual payout and projected 2024 bonus payout
- D Other normalization adjustments for bad debt expense, Director of Logistics, VP of Sales and Marketing and Controller compensation, out of period corporate branding expense and contract labor
- E Normalization of excess costs incurred to service Texas customers from Florida prior to the Waco facility becoming fully operational
- F Normalize Waco results for the negative impact resulting from the Waco facility fire in Oct-23
- G Normalize Waco for run-rate capacity in H1 2024
- H Normalize Waco material costs for the utilization of harvested parts vs. buying new parts in the initial months of full operation
- I Adjustment to remove impact of operating costs of discontinued locations held for sale
- J Run-rate rent expense for new lease contracts at the Georgia and California facilities

Other Financial Details



(\$ in Millions)

	Historical FYE 12/31,			LTM		Projected FYE 12/31,								
	2022A	2023A	Jun-24	2024E	2025E	2026E	2027E	2028E	2029E					
Total Maintenance Capex	\$ 0.6	\$ 0.8	\$ 0.7	\$ 0.7	\$ 1.0	\$ 1.1	\$ 1.2	\$ 1.3	\$ 1.4					
Waco Phase 1 Build (2023-2024)	\$ 0.0	\$ 2.5	\$ 1.2	\$ 0.8	\$ -	\$ -	\$ -	\$ -	\$ -					
Waco Phase 2 Build (2026)	-	-	-	-	-	-	2.0	-	-					
Phoenix Expansion (2026)	-	-	-	-	-	-	3.0	-	-					
New Field Crew Outfitting	-	-	-	-	1.4	0.6	0.6	0.6	0.6					
Total Growth Capex	\$ 0.0	\$ 2.5	\$ 1.2	\$ 0.8	\$ 1.4	\$ 5.6	\$ 0.6	\$ 0.6	\$ 0.6					
Total Capex	\$ 0.6	\$ 3.4	\$ 1.9	\$ 1.4	\$ 2.4	\$ 6.7	\$ 1.8	\$ 1.9	\$ 2.0					
Total Revenue	\$ 93.9	\$ 107.0	\$ 119.3	\$ 124.1	\$ 140.9	\$ 161.1	\$ 180.6	\$ 194.5	\$ 209.5					
Maintenance Capex % of Revenue	0.6%	0.8%	0.6%	0.5%	0.7%	0.7%	0.7%	0.7%	0.7%					
Total Capex % of Revenue	0.7%	3.1%	1.6%	1.2%	1.7%	4.2%	1.0%	1.0%	1.0%					

	As of FYE 12/31,		As of Jun-24
	2022A	2023A	
Accounts Receivable	\$ 11.5	\$ 11.3	\$ 13.0
Inventory	10.0	13.1	14.0
Prepaid & Other Current Assets	2.6	2.4	4.1
Current Assets Excl. Cash	\$ 24.0	\$ 26.8	\$ 31.1
Accounts Payable	\$ 12.8	\$ 13.5	\$ 13.2
Accrued Liabilities	1.0	1.4	1.1
Other Current Liabilities	5.4	6.9	6.8
Total Current Liabilities	\$ 19.2	\$ 21.7	\$ 21.1
Net Working Capital	\$ 4.8	\$ 5.1	\$ 10.0

Growth Capex Commentary
Waco Phase 1 Build:
▪ In 2023, Emerald opened a new facility in Waco, TX, targeting the Texas market
Waco Phase 2 Build:
▪ Further expanding repair capabilities and overall facility throughput (see pg. 32 for further discussion)
Phoenix Facility Expansion:
▪ Investment in 2026 to add repair capabilities in the Western U.S. via the Company's operations in Phoenix (see pg. 32 for further discussion)

Note: Capital expenditures and working capital balances derived from management reported balances.



Transaction Summary

Ownership & Structure:

- The transaction will be structured as an equity interest sale of VPG Group Holdings LLC
- VPG Group Holdings LLC (d/b/a Emerald Transformer) ("Emerald" or the "Company") is a Delaware limited liability company
- Insight Equity is the majority owner of the Company
- Parties should assume a debt-free, cash-free balance sheet

Communications:

- Stephens Inc. has been engaged as the exclusive financial advisor to Emerald in the potential sale of the Company
- All inquiries and requests for additional information should be directed to Stephens Inc.
- Under no circumstance should any officer, director, employee, independent contractor, consultant, customer, supplier or affiliate of the Company be contacted regarding this matter without the prior written approval of Stephens Inc.
- All communication should be kept confidential and treated as commercially sensitive

