



**DGL GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

ABN: 71 002 802 646

**APPENDIX 4E AND
PRELIMINARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2024**

For personal use only

DGL GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 71 002 802 646

Table of Contents

ASX APPENDIX 4E

Results for Announcement to the Market	1
Chairman and CEO's Report	3
Review of Operations	5

PRELIMINARY FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss and Other Comprehensive Income	10
Consolidated Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Condensed Notes to the Financial Statements	14

For personal use only

**APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

Lodged in accordance with ASX Listing Rule 4.3A

Company Details

Name of reporting entity: DGL Group Limited
 ABN: 71 002 802 646
 Reporting period: 1 July 2023 - 30 June 2024
 Prior corresponding reporting period: 1 July 2022 - 30 June 2023

Results for announcement to the market

Group Results	30 June 2024	30 June 2023	Change
(Unaudited)	\$'000	(Restated) \$'000	%
Revenue	466,135	465,994	0%
Earnings before depreciation, amortisation, finance costs and tax expense (EBITDA)	62,290	60,513	3%
Earnings before interest and tax	32,066	38,118	-16%
Profit before tax (PBT)	21,211	30,482	-30%
Net profit after tax (NPAT) ¹	14,078	17,407	-19%
NPAT attributable to owners of the Company	14,078	17,407	-19%
Weighted average number of shares	285,131	283,431	1%
Basic EPS (cents)	4.94	6.14	-20%
Net tangible asset backing per share (\$)	0.74	0.71	3%
Net asset backing per share (\$)	1.20	1.15	4%
Underlying EBITDA	63,691	64,069	-1%
- refer to reconciliation below			

¹Following finalisation of the provisional accounting treatment for FY23 acquisitions, the Group increased its deferred tax liabilities by \$1.84m. As such, the Group has restated the FY23 income tax expense in accordance with accounting standards. There is no change in the actual cash liability payable to the Australian Taxation Office for FY23.

No dividend has been paid during the financial year or in the previous corresponding period. No dividend has been proposed or declared since the end of the financial year.

Reconciliation of Reported to Underlying Earnings

	30 June 2024	30 June 2023	Change
	\$'000	(Restated) \$'000	%
Reported EBITDA	62,290	60,513	3%
Add back one-off items incurred during the period ²	1,401	3,556	
Underlying EBITDA	63,691	64,069	-1%

² Underlying EBITDA adjusts for one-off costs including acquisition costs, site rectification costs of these items.

EXPLANATION OF RESULTS

Please refer to the accompanying Review of Operations for an explanation of the FY24 financial results.

This report should also be read in conjunction with any public announcements made by the Company in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 (Cth) and ASX Listing Rules.

The information in this report contains all relevant information in accordance with ASX Listing Rule 4.3A.

Entities over which control has been gained or lost during the year

None

Dividend reinvestment plans

Not applicable.

For personal use only

Details of associates and joint venture entities

Not applicable.

Foreign entities

The results of the New Zealand subsidiaries, DGL (NZ) Limited, DGL Manufacturing Limited and DGL Warehousing (NZ) Limited and the United States subsidiary, DGL Group Inc, have been compiled using International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Compliance Statement

In the Directors' Opinion, this report gives a true and fair view of the matters disclosed and the financial results.

The Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and has been derived from the unaudited Annual Financial Report. This document should be read in conjunction with any public announcements made during the year by the Company in accordance with continuous disclosure requirements of ASX Listing Rules. The Annual Financial Report is currently under audit and is expected to be finalised and made available in early September 2024.

For personal use only

DGL GROUP LIMITED AND CONTROLLED ENTITIES

CHAIRMAN AND CEO'S REPORT

Chairman and CEO's Report

Dear Shareholders,

During FY24 DGL demonstrated the resilience and diversity of its operations in challenging and volatile business conditions.

FY24 was DGL's 25th year since the business was founded by our CEO Simon Henry in 1999, and DGL's 3rd year as an ASX listed company.

DGL has grown to become a leader in its sector, a resilient business, well diversified across industries, products and services in Australia and New Zealand. We pride ourselves on our reputation for customer service and safety in delivering specialised chemical, material and service solutions to a very diverse range of essential industries across Australia and New Zealand.

In what was a challenging year for many businesses in Australia and New Zealand, we have delivered a solid result despite a weaker economic environment, ongoing supply chain pressures, geopolitical headwinds affecting the global chemical sector, volatility in agriculture and commodity pricing, and increased cost inflation. The first half of the year was also impacted by incorrect weather forecasts which disrupted agricultural activity in Australia.

The breadth and diversity of our business has been a key factor in sustaining our performance in more difficult times.

Financial performance

As foreshadowed at our half year result, revenue and EBITDA were broadly in-line with FY23 with a reduced full year profit contribution due to higher employee costs, finance costs, and increased depreciation of PPE and right of use assets. During the year we continued to invest for the long term by expanding our capacity and capabilities to support our continued growth, with the cost of this investment inevitably impacting short term profits.

FY24 revenue of \$466m was steady compared to the prior year. Underlying EBITDA was \$63.7m down 14% on FY23. Net profit after tax of \$14.1m was down 19% on FY23 after adjustment for (non-cash) deferred tax liabilities in FY23.

Gross margins increased 16.7% from 37% to 43% in FY24 driven by decreases in raw material cost, improved product mix and economies of scale.

Strategic intent

DGL has a very clear strategy. Our core business is providing specialised chemical products and services to industries throughout Australia and New Zealand. We provide complete solutions for sourcing, manufacturing, storage and transport, sampling, recycling, and disposal of chemicals.

Our strategic focus is on products and sectors where specialised licences and accreditations are required for the production, handling and disposal of chemicals and other materials.

The ever-increasing licencing, compliance and safety requirements for handling a wide range of chemicals are encouraging all industries to outsource their requirements to a specialised provider of such services, a key role which the DGL Group is very well positioned to handle.

Investing for growth

DGL continues to grow through a combination of strategic acquisitions and via organic growth. DGL now serves over 5,000 customers, who benefit from our commitment to safety, efficiency and the highest environmental standards.

With the breadth and depth of the Company's network and capabilities that has been established in recent years, we have slowed the rate of acquisitions as our focus shifts to internally generated growth.

We completed 5 smaller, bolt-on acquisitions during FY24 which add to our manufacturing and logistics capabilities, and we expect to be increasingly selective with acquisitions going forward as we continue to invest internally for future growth.

Major organic investments include our new waste treatment plant at Unanderra in NSW which will move from a multi-year investment phase to production in FY25, contributing to improved earnings this year. We are also investing in chlor-alkali plants in Mt. Isa, a multi-purpose manufacturing plant in Townsville, and new extrusion plants in Katanning, south of Perth, and in Melbourne expanding our crop protection manufacturing capacities.

The expansion of our warehousing capacity by 20% to 205,000 square metres to accommodate future growth led to lower utilisation during FY24. We are progressively filling this additional capacity which will contribute to stronger utilisation and earnings in FY25.

For personal use only

DGL GROUP LIMITED AND CONTROLLED ENTITIES CHAIRMAN AND CEO'S REPORT

In FY24 we have also made significant investments in internal systems that will deliver efficiencies and benefits in FY25 and beyond. These include a new centralised payroll system, group-wide ERP finance and warehouse management systems as well as the establishment of a centralised shared services hub to drive efficiencies and savings across the group.

Inevitably the cost of these investments has an impact on our short-term earnings, but each of these initiatives will contribute to our bottom line in FY25 and beyond.

Safety

Safety and the highest environmental standards are critical to success in the sectors we operate in and are a primary focus for our Board and management teams.

Our greatest responsibility to our people is in ensuring that their workplace upholds the highest standards of safety so they can go home safely each day.

Our Lost Time Injury Frequency Rate reduced to 10.3 in FY24 from 14.0 in FY23. While the improvement in this metric is pleasing, our focus is on further enhancements to our systems and process controls, investment in training, and maintenance of our operations for a safe working environment.

Leadership

We are pleased to acknowledge significant development in the depth of our leadership team during the year in conjunction with establishing permanent head office in Parramatta, NSW. Key appointments include Frank Izzo (CFO) and Gagan Singh (Financial Controller), Alex Wing (COO) and Hanna Posa (General Counsel and Company Secretary).

Our People

Key to our ongoing success is DGL's team of over 800, who have worked together tirelessly and who continue to focus on the safe supply of chemicals and services to our broad customer base across Australia and New Zealand, keeping our customer needs at the fore.

We thank our management and staff at all levels and our fellow directors for their efforts throughout the year.

Looking ahead

Our company is well positioned as we enter FY25, with a strong financial position and a positive outlook for the current year.

We expect to face ongoing economic and macroeconomic uncertainties in FY25, but with confidence that the diverse nature of our operations, and the critical role we play in serving our customers will see DGL continue to grow and create value for our shareholders and other stakeholders.

Finally, a big thank you to our customers who put their trust in us, our suppliers who we work with closely, and our shareholders who support us.

Tim Hosking
Chairman

Simon Henry
Chief Executive Officer

For personal use only

**DGL GROUP LIMITED AND CONTROLLED ENTITIES
REVIEW OF OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2024**

Operating and Financial Review

History

DGL Group was established in 1999 by current CEO and Founder, Simon Henry. Mr Henry's vision for DGL was to address a gap in the market for a fully integrated end-to-end specialty chemicals and dangerous goods business to service the needs of industry and consumers.

DGL has now established itself as an industry leader offering a wide range of products and services to its diverse customer base. Its service offering includes chemical formulation & manufacturing, warehousing & distribution, and waste management & recycling. The Group's vision is to leverage its asset base, customer relationships, and trusted brand to further expand the products and services offered across the full chemical lifecycle and ultimately, develop itself as a one stop shop for its customers.

Business Model

DGL operates in three interconnected segments:

(a) Procurement, manufacturing, formulation, and packing of specialised chemical and materials product

- DGL provides materials and formulations to a range of industry sectors, as well as supplying products to end-use consumer and industrial companies. DGL is a specialised operator with a wide range of licences and accreditations and is skilled in the safe supply of chemicals and other materials. By outsourcing their chemical manufacturing and supply needs to DGL, our customers benefit from reduced risks, lower capital expenditure and the ability to focus on their core activities such as innovation and marketing. As a specialised manufacturer, DGL offers procurement, formulation, compliance, production, labelling, packaging and logistics services.

(b) Logistics and storage of dangerous and specialised goods

- DGL is an integrated provider of chemical logistics and related services. Services provided by DGL include domestic and international logistics, transportation and freight management, inventory management, packaging and warehousing of dangerous and specialised goods.
- DGL has the required skills and appropriate licences for the correct storage and handling of dangerous goods and chemicals, being substances that potentially pose a risk to life and health, and the environment. Incorrect storage and handling of such goods and chemicals can result in spills, contamination, explosions, fires, burns, corrosive action and release of toxic fumes/gases.

(c) Hazardous waste management market in Australia

- The waste management industry provides services across multiple sectors including waste collection, waste transport, processing, recycling, recovery, cleaning and disposal.
- DGL's focus in the sector is on liquid waste treatment, recycling end-of-life lead acid batteries, lead smelting and refining.

Review of Operations

The Group comprises three operating segments: Chemical Manufacturing, Warehousing & Distribution and Environmental Solutions. A description of each operating segment is set out below:

Chemical Manufacturing

Segment description

DGL Manufacturing provides materials and services to a range of industries, as well as supplying products to end-user consumers and industry customers. Our service offerings provided in this segment include procurement, full-service turnkey formulations, toll blending and packing services, development of existing formulations and new products as well as integrated label design and supply.

Our manufacturing operations involve a high level of process and product expertise together with intellectual property to deliver chemical formulation solutions tailored to individual customer requirements.

DGL supplies a very broad range of customers primarily in Australia and New Zealand in several different sectors including crop protection, automotive, construction, mining, and water treatment, including utilities. Through acquisitions and customer growth and diversification strategy, the segment has further diversified its customer base over the past year.

Key activities

Statutory sales revenue of the Chemical Manufacturing segment has decreased from \$282 million in FY23 (includes intercompany transactions) to \$275 million. Despite the decline in statutory Chemical Manufacturing revenue, underlying EBITDA rose from \$41 million in FY23 to \$44 million in FY24. Further improving the underlying EBIT from \$32 million in FY23 to \$34 million in FY24.

DGL's Manufacturing segment has a primary focus on 5 key industries: crop protection, mining, infrastructure, automotive and construction. DGL continues to enhance its ability to provide a full service offering across all Australian states, setting the platform for future revenue and volume growth.

DGL continues to strengthen relationships with utility services across the eastern seaboard of Australia and in WA. Notable extensions of several key contracts as well as continuing to grow the network of customers in northern Qld to support remote locations with timely product.

The Chemical Manufacturing segment remains well positioned to continue to expand cross-selling of the Group's Logistics services. In FY24 DGL appointed dedicated transport allocators to support this growth and better utilise DGL's fleet to improve customer services. Volume growth in the segment has been supported by expansion of the logistics fleet to support customers, increasing value-add and full-service offering.

For personal use only

**DGL GROUP LIMITED AND CONTROLLED ENTITIES
REVIEW OF OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2024**

Operations have also focused on reducing manufacturing timeframes to improve customer delivery performance and reduce inventory levels. This has been done by investing in batching equipment to increase production metrics in both total volume and units.

DGL Manufacturing has expanded its IP and capabilities in FY24 into powder formulation and packing through acquisitions and the ongoing investment into improving its operational capabilities and process efficiencies.

In FY24, DGL acquired and integrated three businesses into the Chemical Manufacturing segment (Qblend, Allnex NZ and Flexitech). These bolt-on acquisitions have further expanded DGL's capabilities into the mining, construction and industrial sectors and the ability to service those sectors in all Australian states.

Overview of acquisitions

Qblend Pty Ltd was acquired on 1 July 2023. Qblend specialises in powder blending and packing services, supplying key industries including mining, construction and water treatment. The acquisition gives DGL a strategic powder handling capability in QLD, marking the first dedicated powder handling facility in its extensive chemical manufacturing segment.

Allnex NZ construction products was acquired on 1 December 2023. Allnex NZ specialises in manufacturing and supplying a range of resin floor coatings, epoxy mortars, waterproofing membranes, adhesives and other flowing accessories to a diverse range of customers in NZ and Australia. This acquisition aligns with the existing DGL Bondlast business (acquired by DGL in 2022) in supplying quality construction products to the NZ market, bringing with it both product ranges, stock and 4 trade stores that have strategic supply points to the NZ market.

Flexitech Pty Ltd was acquired on 1 February 2024. Flexitech specialises in manufacturing and supply of construction industry products for use in mining, infrastructure, wharfs, tunnels, airports and roads. Flexitech's key capabilities include powder and liquid blending, mixing, packing and handling, and supportive technical services for continued product development and quality control of our products supplied. The acquisition of Flexitech enhances DGL's growing chemical manufacturing segment for dry powders in QLD.

Logistics

Segment description

DGL's logistics segment offers specialised chemical warehousing and focuses on three forms of transport, bulk, packaged and container services. DGL's logistics segment is focused on servicing the manufacturing, agricultural, automotive, mining and building sectors across Australia and New Zealand. Key components of the services provided include inventory management, wharf cartage, local, intrastate & interstate transport.

DGL has the storage capacity for approximately 205,000 tonnes of chemicals and general products across Australia and New Zealand. Our valued employees are trained and accredited to ensure compliance in the safe handling of all product types, both in and out of the warehouses. All sites have a mixture of approved racking and/or block stacked locations and segregations to safely store the products to ensure regulatory compliance.

In FY24 DGL expanded its transport asset portfolio, which now consists of over 400 specialised assets. This network includes prime movers, rigids, side-loaders, bulk tankers and other specialised trailing equipment, servicing interstate, intrastate and local areas across all of Australia and New Zealand.

DGL's Logistics segment continues to further integrate its service offerings with both the Chemical Manufacturing and Environmental Solutions segments. This provides a significant advantage for customers as it allows for greater assurances over supply and a significant growth opportunity for DGL.

Key activities

Statutory sales revenue of the logistics segment has increased from \$103.1 million in FY23 to \$137.5 million in FY24 (includes intercompany transactions). The statutory logistics segment underlying EBITDA increased from \$20.5 million in FY23 to \$23.6 million in FY24 (includes intercompany transactions). Due to increased depreciation and amortisation, underlying EBIT decreased from \$8.3 million in FY23 to \$7.1 million in FY24.

The logistics segment continued to diversify in FY24, with increased revenue and tonnages within the building sector driven by interstate and local transport. Further integration of our transport service offerings with both our manufacturing and environmental segments resulted in increased fleet efficiencies and a decrease in the group's subcontractor cost. This will remain a core focus and strategy through FY25.

Warehousing saw stock holdings return to pre-covid volumes, resulting in declining utilisation through FY24, whilst transport services continue to further develop and integrate within the group, resulting in further growth through FY24. The expansion of our warehousing capacity by 35,000 square metres to accommodate future growth has resulted in short term under utilisation of available warehouse space during FY24.

FY24 presented operational challenges, faced with rising operational costs, staffing, and large fluctuations in storage holdings, due to both shipment delays, and customers reducing stock holdings to pre-covid volumes. Western Australia was heavily affected with severe drought conditions, with detrimental effects to the agriculture sector, which resulted in excess storage, but low levels of movement and transportation.

Whilst FY24 was marked by operational challenges and lower than expected growth, the outlook of FY25 is positive, with a strategic approach to further integrate internal operations and expansion of the warehouse and transport services.

For personal use only

**DGL GROUP LIMITED AND CONTROLLED ENTITIES
REVIEW OF OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2024**

Overview of acquisitions

DGL acquired two logistics businesses during FY24, contributing to the segment's revenue growth and service offerings.

Katanning Logistics was acquired on 18 January 2024. This acquisition further expands DGL's transport network in the south-west region of Western Australia, servicing both the agriculture and building sectors. DGL Manufacturing customers will also benefit from this acquisition with enhanced freight service offerings as well as opportunities for organic growth in the WA agricultural chemical sector. The acquisition also provides the opportunity to co-locate our crop protection manufacturing extrusion plant at the Katanning site.

Kinnear Transport was acquired on 1 August 2023. Kinnear Transport specialises in providing warehousing, transport and logistic services for the agriculture and automotive sectors. This acquisition enlarges DGL's warehouse capacity and capabilities in WA and increases service offerings to both existing customers and a potential new customer base.

Environmental Services

Segment description

The Environmental Services segment undertakes resource recovery and hazardous waste management activities. Its core activities comprise of liquid waste treatment, recycling end-of-life lead acid batteries (ULAB), lead smelting and refining of recovered lead.

ULAB recycling is undertaken at two EPA licensed recycling facilities located in New South Wales and Victoria. ULABs are recycled in state-of-the-art highly, automated recycling facilities. The segment relies on an established and mature collection network of suppliers located throughout Australia. The primary outputs from the ULAB recycling process are lead products, scrap plastic, waste and recovered acid. Lead products are sold to overseas smelters, scrap plastic is sold to a local recycler and the waste streams are further processed and safely disposed in landfill.

Our dedicated facility in Laverton North, Victoria has lead smelting and refining capabilities for conversion of recovered lead material into refined products, which are sold to a wider global market.

DGL operates a wastewater treatment plant to process liquid waste generated from its end-of-life lead acid batteries recycling plant at Unanderra in New South Wales. The plant also treats liquid waste from industrial customers, who include miners, aluminium extruders, galvanisers and wastewater customers. The development of a new state-of-the-art liquid waste treatment plant on the same site capable of treating significantly greater volumes of liquid waste is approaching the final construction phase after a multi-year development and approval process, and is expected to contribute to improved earnings in FY25. Customer interest in this capability remains high and there is a strong pipeline of commercial opportunities.

Key investments in FY24 for our Environmental Services include upgrades to the polypropylene stream from the battery recycling operation in Unanderra which are now in full effect. This converts the plastics recovered to a more marketable end product. In addition, further investment to process enhancement equipment to the Laverton battery recycling plant has increased efficiencies in processing of oversized/industrial batteries.

Key activities

Statutory sales revenue of the Environmental Services segment has decreased from \$110.4 million in FY23 to \$100.0 million in FY24 (includes intercompany transactions). The statutory Environmental Services EBITDA result decreased from \$12.4 million in FY23 to \$8.0 million in FY24, corresponding to a decrease in underlying EBIT from \$9.3 million in FY23 to \$3.7 million in FY24.

The water treatment portion of the environmental segment had a mixed result in FY24. Developing further into the municipal water space and securing more mining sales but also feeling sales challenges due to reduced demand in the mining sector. The outlook for FY25 is positive with increased operational efficiencies in the pipeline with new plant and equipment to reduce key water treatment product manufacturing costs and timeframes.

The acquisitions completed in FY24 for manufacturing increase DGL's powder blending capability and align with the mining team's customer base for environmental. The acquisitions enhance DGL's existing mining chemical business and provide further access to blue-chip mining groups.

DGL expanded its services at its Acacia Ridge, Qld to service ISO containers. Additional expansion initiatives include offering cross-pumping services such as transferring liquids from road tankers to ISO containers. These new services meet a broader range of customer needs and strengthen our market position.

DGL is actively diversifying the customer base domestically and internationally, which de-risks reliance on key customers and regulatory complexity. Significant revenue and volume potential exists for water treatment with local mining operations. Reducing the reliance on lead-acid battery recycling continues to be a major focus and the Envirostore expansion demonstrates the commitment to diversify and further opportunities are being explored in all major Australian states.

More effective integration of DGL's operating divisions is leading to cost savings and more efficient service for the finished goods and liquid waste transportation. Environmental solutions has integrated logistics staff onsite at Unanderra to handle container and bulk transport internally. Further, Acacia Ridge Container Park has been working closely with the BTX business to improve supply of product to the mining sector.

For personal use only

**DGL GROUP LIMITED AND CONTROLLED ENTITIES
REVIEW OF OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2024**

Group Operating Results

The consolidated profit of the Group after providing for income tax amounted to \$14.1 million. (2023: \$17.4 million). On an underlying basis, adjusting for one off items (including acquisition costs of \$1.6 million, write back of environmental remediation provision of \$1 million, software implementation costs of \$0.8m and the tax impact of these items) the underlying profit of the Group after providing for income tax amounted to \$15.5 million (2023: \$20.8 million).

Revenue for the year ended 30 June 2024 was \$466.1 million (2023: \$466.0 million). Gross margin saw a significant improvement at 43.4% (2023: 37.0%).

Key drivers of earnings in FY24 were positive volume growth, expansion in capacity (across manufacturing, warehousing and transport) and contributions from acquisitions. Lower commodity prices pressured headline revenue but the impact was offset by margin expansion driven by raw material procurement efficiencies and improved customer mix.

Cost inflation and a tight Australian labour market impacted the cost of doing business, while geopolitical factors contributed to disruption of global transport impacting timeframe and cost for imports and exports. The Environmental segment was impacted by increased domestic competition impacting both price and volume.

Financial Position

The net assets of the Group have increased by \$13.4 million from \$328.6 million as at 30 June 2023 to \$341.9 million as at 30 June 2024.

Current assets of DGL Group have increased by \$19.6 million from \$135.5 million as at 30 June 2023 to \$155.0 million as at 30 June 2024. The increase in current assets was attributable to \$20.6 million of assets classified as "Held for Sale" along with higher receivables as at 30 June 2024 as a result of a late breaking cropping season and also acquired businesses. This was offset by lower cash balances driven by M&A activity and capital expenditure and higher payables (increasing by \$9.8 million) due to the late breaking cropping season. Management continues to focus on working capital management with a focus on cash collection and disciplined inventory management.

Total assets increased from \$569.8 million to \$605.6 million, an increase of \$35.8 million. Along with the movements in current assets, goodwill has slightly increased by \$1.5 million following the acquisition of 5 businesses in FY24, right of use assets have increased by \$1.1 million with additional leased sites and property plant & equipment has increased by \$13.6 million from \$246.4 million to \$276.2 million. The increase in property, plant & equipment is primarily attributable to businesses acquired during FY24, additions to the Logistics segment transport fleet and continued investment in capex to drive future growth.

Total liabilities increased from \$241.3 million to \$263.7 million. Apart from the noted movement in trade and other payables, borrowings increased by \$5.5 million to \$133.5 million. As at 30 June 2024, DGL remains within covenant limits (capitalisation ratio, fixed charge cover ratio, leverage ratio) set by its financiers.

Group Cash Flows

Operating cash flows were lower by \$13.3 million offset by \$19.6 million lower cash used in investing activities. Proceeds from borrowings and short-term financing activities decreased by \$30 million compared to 30 June 2024. Total cash & cash equivalents were consequently \$17 million lower compared to 30 June 2024.

Dividends Paid or Declared

No dividend has been declared and no dividends were paid or declared during and since the end of the financial year.

The Company does not intend, or expect, to declare nor pay any dividends in FY25. The current dividend policy of the Company is to reinvest all free cash flows in the business to maximise growth.

Matters Subsequent to the End of the Financial Year

On 3 July 2024, the Company announced the acquisition of Australian Petro Chemical Storage (APCS) for a total consideration of \$5.5 million. APCS operates a major hazardous facility on a licensed storage site. The acquisition is expected to settle in October 2024 and will be funded by operating cash flow.

On 8 August 2024, the Company announced the resignation of Company Secretary, Mr Andrew Draffin. The Company Secretarial role will be moved in-house with Hanna Posa, DGL's General Counsel, will be appointed effective from 6 September 2024, formerly 1 September 2024.

On 20 May 2024, the Company announced the acquisition of Enlog Pacific Holdings Pty Ltd, a specialist logistics business covering highly regulated materials and industrial services. The acquisition was subject to FIRB approval which was granted in August 2024. The acquisition will formally settle on 2 September 2024.

For personal use only

**DGL GROUP LIMITED AND CONTROLLED ENTITIES
REVIEW OF OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2024**

Key Business Strategies and Outlook

During the year DGL continued to invest for the long term by expanding capacity and capabilities to support the Group's continued growth. In FY24, given the weaker economic environment, the cost of these investments together with increased inflationary cost pressures has impacted on short term profitability.

The Board expects that the benefits of a range of strategic investments in capabilities and increased capacity will contribute to improved future profitability, and a number of systems and integration initiatives will contribute to future efficiency improvements. These include:

- The final phase of DGL's investment in a new liquid waste treatment plant at Unanderra, NSW which will move from a multi-year investment phase to commencement of operations in FY25;
- A chlor-alkali plant in Mt. Isa, Qld;
- A multi-purpose manufacturing plant in Townsville;
- New extrusion plants in Katanning, south of Perth, and in Melbourne expanding our crop protection manufacturing capacities;
- The expansion of our warehousing capacity by 20% to 205,000 square metres to accommodate ongoing growth;
- Significant investments in internal systems that will deliver efficiencies and benefits in FY25 and beyond, including:
 - a new centralised payroll system;
 - a group-wide ERP finance system;
 - an integrated warehouse management system; and
- Establishment of a centralised shared services hub at DGL's head office in Parramatta, NSW to drive efficiencies and savings across the Group.

While the cost of investment in each of these initiatives has an impact on profitability in FY24, each are expected to contribute positively to the Group's bottom line in FY25 and beyond.

DGL Group Strategy

Since before the Company's IPO on the ASX in 2021, DGL has a clear strategy of focusing its core business on providing specialised chemical products and services to industries throughout Australia and New Zealand. The DGL Group provide complete solutions for sourcing, manufacturing, storage and transport, sampling, recycling, and disposal of chemicals.

The Group's strategic focus is on products and sectors where specialised licences and accreditations are required for the production, handling, processing and disposal of chemicals and other materials.

All industries are experiencing increasing licensing, compliance and safety requirements that apply to an expanding range of chemicals and other materials, together with increasingly strict regulatory controls on environmental impact. These increasingly stringent requirements are driving companies across all industries to seek outsourced solutions for their chemical supply and handling requirements.

As a specialised provider of such services, DGL is seeing increasing demand for its expertise and capabilities from an expanding customer base.

Outlook

The Board expects the expanding DGL business to generate both volume and revenue growth in FY25. The Board also expects profitability to benefit from the extensive investments made in FY24 in expanding capacity and systems, integration and cost reduction initiatives, together with increased contributions from recent acquisitions.

Some of the challenges experienced in FY24 including inflationary pressure on operating costs, and volatility in commodity prices and supply chains due to the geopolitical and macroeconomic environment are expected to continue in FY25. While ongoing uncertainties are likely to change market conditions and customer demand patterns, the diversity of the DGL Group's operations across products, services, industries and customers, positions the Company to continue to grow in volatile market conditions.

For personal use only

DGL GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 71 002 802 646
PRELIMINARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

	Note	Group	
		2024 (Unaudited) \$000	2023 (Restated) \$000
Sales revenue	2	466,135	465,994
Cost of sales		(263,659)	(294,302)
		<u>202,476</u>	<u>171,692</u>
Other income	2	2,440	2,644
Acquisition costs relating to business combinations		(1,551)	(3,056)
Employee benefits, administration and general expenses		(122,615)	(98,530)
Legal and professional fees		(4,493)	(2,841)
Occupancy expense		(13,967)	(9,396)
Depreciation and amortisation expense		(30,224)	(22,395)
Finance costs		(10,855)	(7,636)
Profit before income tax		<u>21,211</u>	<u>30,482</u>
Tax expense ¹		(7,133)	(13,075)
Net profit from continuing operations		<u><u>14,078</u></u>	<u><u>17,407</u></u>
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss when specific conditions are met:			
Gain on derivative contract held as hedging instruments, net of tax		(122)	76
Exchange differences on translating foreign operations, net of tax		(338)	368
Items that will not be reclassified subsequently to profit or loss:			
Hedging gains reclassified to profit and loss, net of tax		-	(196)
Revaluation gain on land and buildings, net of tax		-	111
Total other comprehensive income/(loss) for the year		<u>(460)</u>	<u>359</u>
Total comprehensive income for the year		<u><u>13,618</u></u>	<u><u>17,766</u></u>
Net profit attributable to:			
Members of the parent entity		14,078	17,407
		<u>14,078</u>	<u>17,407</u>
Total comprehensive income attributable to:			
Members of the parent entity		13,618	17,766
		<u>13,618</u>	<u>17,766</u>
Earnings per share			
Basic and diluted earnings per share (cents)		4.94	6.14

¹Following finalisation of the tax fixed asset registers relating to acquisitions through FY23, the Group increased its deferred tax liabilities by \$1.84m. As such, the Group has restated the FY23 income tax expense in accordance with accounting standards. There is no change in the actual cash liability payable to the Australian Taxation Office for FY23.

The accompanying notes form part of the preliminary financial statements.

DGL GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 71 002 802 646
PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Note	Group	
		2024 (Unaudited) \$000	2023 (Restated) \$000
Assets			
Current Assets			
Cash and cash equivalents	3	19,630	36,919
Trade and other receivables	4	66,430	52,445
Inventories	5	39,322	37,444
Asset held for sale	6	20,606	-
Other financial assets		-	108
Other assets	10	9,085	8,538
Total Current Assets		155,073	135,454
Non-Current Assets			
Property, plant and equipment	8	260,056	246,419
Intangible assets	9	145,562	144,101
Right-of-use assets	11	44,952	43,871
Total Non-Current Assets		450,570	434,391
Total Assets		605,643	569,845
Liabilities			
Current Liabilities			
Trade and other payables	12	43,231	33,480
Other financial liabilities		3,507	-
Lease liabilities	11	14,458	14,206
Borrowings	13	3,656	6,409
Current tax liabilities		6,520	3,996
Provisions	14	9,605	9,499
Deferred income		1,244	-
Total Current Liabilities		82,221	67,590
Non-Current Liabilities			
Borrowings	13	129,804	121,525
Lease liabilities	11	32,980	32,047
Deferred tax liabilities ¹		16,396	18,429
Provisions	14	1,083	1,661
Deferred income		1,200	-
Total Non-Current Liabilities		181,463	173,662
Total Liabilities		263,684	241,252
Net Assets		341,959	328,593
Equity			
Issued capital	15	258,112	258,364
Reserves	18	(8,075)	(7,615)
Retained earnings		91,922	77,844
Total Equity		341,959	328,593

¹Following finalisation of the tax fixed asset registers relating to acquisitions through FY23, the Group increased its deferred tax liabilities by \$1.84m. As such, the Group has restated the FY23 income tax expense in accordance with accounting standards. There is no change in the actual cash liability payable to the Australian Taxation Office for FY23.

The accompanying notes form part of the preliminary financial statements.

DGL GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 71 002 802 646
PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Share Capital	Retained Earnings ¹	Reserves				Total
			Asset Revaluation Reserve	Cash Flow Hedge Reserve	Merger Acquisition Reserve	Foreign Currency Translation Reserve	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Consolidated Group							
Balance at 1 July 2022 (Restated)	250,118	59,445	48,886	262	(54,230)	(1,900)	302,581
Comprehensive income							
Profit for the year	-	17,407	-	-	-	-	17,407
Other comprehensive income for the year	-	-	111	(120)	-	368	359
Total comprehensive income for the year	-	17,407	111	(120)	-	368	17,766
Transactions with owners, in their capacity as owners, and other transfers							
Shares issued during the year	8,662	-	-	-	-	-	8,662
Transaction costs net of tax	(416)	-	-	-	-	-	(416)
Sale of Shands Road	-	992	(992)	-	-	-	-
Total transactions with owners and other transfers	8,246	992	(992)	-	-	-	8,246
Balance at 30 June 2023 (Restated)	258,364	77,844	48,005	142	(54,230)	(1,532)	328,593
Balance at 1 July 2023	258,364	77,844	48,005	142	(54,230)	(1,532)	328,593
Comprehensive income							
Profit for the year	-	14,078	-	-	-	-	14,078
Other comprehensive income for the year	-	-	-	(122)	-	(338)	(460)
Total comprehensive income for the year	-	14,078	-	(122)	-	(338)	13,618
Transactions with owners, in their capacity as owners, and other transactions							
Shares issued during the year	191	-	-	-	-	-	191
Transaction costs net of tax	(10)	-	-	-	-	-	(10)
Shares bought back during the year	(433)	-	-	-	-	-	(433)
Total transactions with owners and other transactions	(252)	-	-	-	-	-	(252)
Balance at 30 June 2024	258,112	91,922	48,005	20	(54,230)	(1,870)	341,959

¹ Following finalisation of the tax fixed asset registers relating to acquisitions through FY23, the Group increased its deferred tax liabilities by \$1.84m. As such, the Group has restated the FY23 income tax expense in accordance with accounting standards. There is no change in the actual cash liability payable to the Australian Taxation Office for FY23.

The accompanying notes form part of the preliminary financial statements.

DGL GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 71 002 802 646
PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	Group	
		2024 (unaudited) \$000	2023 \$000
Cash flows from operating activities			
Receipts from customers		452,557	514,820
Payments to suppliers and employees		(402,430)	(440,379)
Interest received/other income		2,608	1,336
Finance costs		(8,755)	(6,133)
Income tax paid		(6,643)	(10,384)
Net cash generated by operating activities		<u>37,337</u>	<u>59,260</u>
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		4,000	15,984
Purchase of property, plant and equipment		(29,003)	(24,892)
Payments for acquisition costs		(1,551)	(3,056)
Purchase of intangibles		(88)	(896)
Purchase of subsidiary		-	(28,244)
Purchase of business and assets		(15,110)	(31,422)
Cash acquired from acquisition of subsidiary		-	2,495
Net cash (used in)/generated by investing activities		<u>(41,752)</u>	<u>(70,031)</u>
Cash flows from financing activities			
Payments of capital raising costs		(10)	(41)
Share buy-back payment		(433)	-
Net proceeds from short-term financing activities		-	(22,092)
Net proceeds from borrowings		5,499	57,664
Repayment of lease liabilities		(17,994)	(13,374)
Net cash provided by (used in) financing activities		<u>(12,938)</u>	<u>22,157</u>
Net increase in cash held		(17,353)	11,386
Cash and cash equivalents at beginning of financial year		36,919	25,448
Effect of exchange rates on cash holdings in foreign currencies		64	85
Cash and cash equivalents at end of financial year	3	<u>19,630</u>	<u>36,919</u>

The accompanying notes form part of the preliminary financial statements.

DGL GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 71 002 802 646

CONDENSED NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 1 Material Accounting Policy Information

(a) Basis of Preparation

The preliminary financial statements for year ended 30 June 2024 have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes. Material accounting policy information adopted in the preparation of the preliminary financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the preliminary financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The preliminary financial statements are presented in Australian dollars, which is the Company's functional currency.

(b) Business Combinations Under Common Control

Where the acquisition of entities that are deemed to be under common control occurs, the pooling of interest method is adopted for business combinations under common control.

Existing book values for assets and liabilities at the date of acquisition will be recognised and fair value adjustments including new intangibles or goodwill will not be recognised. Any premium between the fair value of consideration paid and the book value of net assets is debited to a separate category of equity.

(c) Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

DGL assesses impairment of assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. These conditions include financial performance, current economic conditions and future revenue growth expectations. If an impairment trigger exists, the recoverable amount of the asset is determined. If indicators exist, assets are tested for impairment through determination of recoverable amounts of assets using the higher of value in use and fair value less cost to sell.

DGL determines whether the brand names and goodwill are impaired on an annual basis. This requires an estimation of the recoverable amount of the associated cash-generating units, using a value in use discounted cash flow methodology, to which the brand names or goodwill is allocated.

(d) Revenue and Other Income

The core principle of AASB 15 is that revenue is recognised on the basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods and services.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed.

Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance of obligations
3. Determine a transaction price. Quotes are based on scope of work, price of input materials (if any) and the estimated resources required to complete the goods or services.
4. Allocate the transaction price to the performance obligations.
5. Recognise revenue as and when control of the performance obligations is transferred.

Revenue is recognised when control of the products has been transferred to the customer. For such transactions, this is when the products are delivered to the customer or other location as directed by the customer and as stated in the contract or purchase order.

For personal use only

DGL GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 71 002 802 646

CONDENSED NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**Note 1: Material Accounting Policy Information (continued)**

The timing of revenue recognition for the Group's key revenue streams as they relate to specific performance obligations are outlined in the table below:

Segment	Main revenue streams and performance obligations	Revenue recognition pattern
Environmental Services	Processing of used lead batteries to recover lead	Point in time (on transfer of control, usually upon container being loaded onto ship at port of departure)
	Liquid Waste Treatment	Overtime
Chemical manufacturing	Formulation and packaging of chemical and material products	Point in time (on transfer of control, usually on delivery)
Logistics	Warehousing - storage of customer goods	Overtime (related to the period of storage)
	Distribution - delivery of dangerous goods for customers	Point in time (on completion of delivery)
Corporate	Rental income	Overtime (related to the period of tenancy)

(e) New and Amended Accounting Policies Adopted by the Group

The Group have adopted all mandatory standards effective at 30 June 2024 and have early adopted AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current and AASB 2022-6: Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

None of these standards had a material impact on the reported financial position or performance. However, only material accounting policy information has now been disclosed rather than all significant accounting policies.

(f) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the preliminary financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates and Judgements**Performance obligations under AASB 15**

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, Management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

Impairment

In assessing potential impairment, Management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

All impairment losses are recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, Management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets

In most cases, determining the applicable discount rate involves estimating the appropriate adjustments to market risk and the appropriate adjustment to asset-specific risk factors.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Actual results, however, may vary due to technical obsolescence, particularly relating to software and IT equipment.

Income tax

The Group is subject to income taxes in which jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax payable based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

For personal use only

DGL GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 71 002 802 646

CONDENSED NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**Note 1: Material Accounting Policy Information (continued)****Recovery of deferred tax assets**

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

Business Combinations

On the acquisition of a company or business, a determination of the fair value of assets and liabilities is performed, which requires the application of judgement. Future events could cause the assumptions used by the Group to change which could have an impact on the results and net position of the Group.

Valuation of land and buildings

Land and buildings are stated at fair value. Formal valuations were last performed in FY22 based on a combination of valuation performed by an independent professional valuer and directors' valuations. Observable market prices adjusted as necessary for any difference in the future, location or condition of the specific asset are used in performing the valuation. The directors reviewed the value of land and buildings as at 30 June 2024 and deemed them to remain appropriate. Assessing the fair value of land and buildings requires significant judgment and estimates.

Note 2 Revenue and Other Income

The Group has recognised the following amounts relating to revenue in the statement of profit or loss.

	Group	
	2024 (unaudited) \$000	2023 (restated) \$000
Continuing operations		
Revenue from contracts with customers	450,719	460,415
Other sources of revenue	15,416	5,579
Total sales revenue	<u>466,135</u>	<u>465,994</u>
Other income		
- Miscellaneous income	182	68
- Administration revenue	155	196
- Fuel tax credits income	967	599
- Gain on sale of fixed assets	843	1,308
- Foreign exchange gain/(loss)	103	-
- Bargain purchase	190	-
- Covid-19 stimulus	-	13
Total other income	<u>2,440</u>	<u>2,184</u>

(a) Revenue disaggregation

The revenue is disaggregated by the following segments:

	Group	
	2024 (unaudited) \$000	2023 (restated) \$000
- Environmental services	98,014	109,785
- Chemical manufacturing	256,892	271,225
- Logistics	110,498	84,259
- Corporate - rental income	731	725
	<u>466,135</u>	<u>465,994</u>

Note 3 Cash and Cash Equivalents

	Group	
	2024 (unaudited) \$000	2023 (restated) \$000
Cash at bank and on hand	19,630	36,919
	<u>19,630</u>	<u>36,919</u>

The Group has bank guarantees in place totalling \$5,844,525 with Australia and New Zealand Banking Group Limited. These guarantees are in place covering the rental leases, environmental protections, and export licenses. The Australia and New Zealand Banking Group Limited guarantees are secured against the assets of the Group pledged with the Australia and New Zealand Banking Group Limited.

DGL GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 71 002 802 646

CONDENSED NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**Note 4 Trade and Other Receivables**

	Group	
	2024 (unaudited) \$000	2023 (restated) \$000
Current		
Trade receivables	65,865	51,210
Provision for impairment	(906)	(543)
	64,959	50,667
Other receivables	1,471	1,778
Total current trade & other receivables	66,430	52,445

(a) Collateral Pledged

Bank loans are secured over registered fixed and floating charges over all assets of the Group.

Note 5 Inventories

	Group	
	2024 (unaudited) \$000	2023 (restated) \$000
Current		
At cost:		
Raw materials and spares	19,176	27,877
Work in progress	857	527
Finished goods	19,222	9,040
Stock in transit	154	-
Less:		
Stock provision	(87)	-
	39,322	37,444

Note 6 Asset held for sale

	Group	
	2024 (unaudited) \$000	2023 (restated) \$000
Assets held for sale		
Project - Nambour	6,542	-
Property - 38 Seaview Place	14,064	-
	20,606	-

For personal use only

DGL GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 71 002 802 646

CONDENSED NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**Note 7 Interests in Subsidiaries****(a) Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of subsidiary	Principal place of business	Ownership interest held by the Group	
		2024 (unaudited)	2023 (restated)
DGL Manufacturing Pty Ltd	Australia	100%	100%
Flexichem Australia Pty Ltd	Australia	100%	100%
DGL Warehousing & Distribution Pty Ltd	Australia	100%	100%
DGL Industries Pty Ltd	Australia	100%	100%
DGL Global Logistics Pty Ltd	Australia	100%	100%
NLW Group Pty Ltd	Australia	100%	100%
DGL Manufacturing Australia Pty Ltd	Australia	100%	100%
Labels Connect Pty Ltd	Australia	100%	100%
Triox Pty Ltd	Australia	100%	100%
DGL (NZ) Limited	New Zealand	100%	100%
DGL Manufacturing Limited	New Zealand	100%	100%
DGL Warehousing NZ Limited	New Zealand	100%	100%
DGL AusBlue Pty Ltd	Australia	100%	100%
Opal Australasia Pty Ltd	Australia	100%	100%
AusTech Chemicals Pty Ltd	Australia	100%	100%
Total Bio Group Pty Ltd	Australia	100%	100%
Total Coolant Management Solutions Pty Ltd	Australia	100%	100%
Aquadex Pty Ltd	Australia	100%	100%
BTX Group Pty Ltd	Australia	100%	100%
Acacia Ridge Container Park Pty Ltd	Australia	100%	100%
DGL North America Pty Ltd	Australia	100%	100%
DGL Group Inc	United States of America	100%	100%

Subsidiary financial statements used in the preparation of the preliminary financial statement have also been prepared as at the same reporting date as the Group's financial statements.

(b) Significant Restrictions

Other than the following, there are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

All borrowings are secured by a charge over the assets of DGL Group.

For personal use only

DGL GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 71 002 802 646

CONDENSED NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 8 Property, Plant and Equipment

	Group	
	2024 (unaudited) \$000	2023 (restated) \$000
Land & Buildings		
Freehold land at:		
Fair value	94,100	99,151
Total land	<u>94,100</u>	<u>99,151</u>
Buildings at:		
Fair value	59,794	56,195
Accumulated depreciation	(4,772)	(3,321)
Total buildings	<u>55,022</u>	<u>52,874</u>
Total land & buildings	<u>149,122</u>	<u>152,025</u>
Plant & equipment:		
Leasehold improvements		
At cost	1,713	1,383
Accumulated depreciation	(252)	(166)
	<u>1,461</u>	<u>1,217</u>
Plant and equipment		
At cost	79,794	68,419
Accumulated depreciation	(37,192)	(30,326)
	<u>42,602</u>	<u>38,093</u>
Motor Vehicles		
At cost	54,224	41,028
Accumulated depreciation	(10,063)	(5,036)
	<u>44,161</u>	<u>35,992</u>
Plant under construction		
At cost	22,719	19,092
Accumulated amortisation	(9)	-
	<u>22,710</u>	<u>19,092</u>
Total plant & equipment	<u>110,934</u>	<u>94,394</u>
Total property, plant & equipment	<u>260,056</u>	<u>246,419</u>

(a) **Movements in Carrying Amounts**

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land	Buildings	Leasehold Improvements	Plant & Equipment	Motor Vehicles	Plant Under Construction	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Group							
Balance at 1 July 2022	104,692	55,076	664	33,847	13,708	10,843	218,830
Additions	12	285	468	5,856	8,989	9,282	24,892
Disposals	(6,108)	(1,359)	-	(195)	(385)	-	(8,047)
Acquisitions through business combinations	-	-	138	1,744	16,316	-	18,198
Depreciation expense	-	(1,502)	(53)	(5,130)	(2,643)	(2)	(9,330)
Reclassification	-	387	-	1,912	-	(1,046)	1,253
Movement in foreign currency	555	(13)	-	59	7	15	623
Balance at 30 June 2023	<u>99,151</u>	<u>52,874</u>	<u>1,217</u>	<u>38,093</u>	<u>35,992</u>	<u>19,092</u>	<u>246,419</u>

DGL GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 71 002 802 646

CONDENSED NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 8: Property, plant and equipment (continued)

	Land	Buildings	Leasehold Improvements	Plant & Equipment	Motor Vehicles	Plant Under Construction	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2023	99,151	52,874	1,217	38,093	35,992	19,092	246,419
Additions	3,126	3,337	353	8,942	11,988	12,889	40,635
Disposals	-	(60)	-	(744)	(404)	-	(1,208)
Write-offs	-	-	-	-	-	(103)	(103)
Acquisitions through business combinations	2,227	4,630	-	1,537	1,786	-	10,180
Depreciation expense	-	(1,741)	(109)	(8,018)	(5,209)	(2)	(15,079)
Reclassification	(10,159)	(3,847)	-	2,707	10	(9,114)	(20,403)
Movement in foreign currency	(245)	(171)	-	85	(2)	(52)	(385)
Balance at 30 June 2024	94,100	55,022	1,461	42,602	44,161	22,710	260,056

Note 9 Intangible Assets

	Group	
	2024 (unaudited) \$000	2023 (restated) \$000
Goodwill		
Cost	141,062	139,931
Accumulated impairment losses	(844)	(844)
	140,218	139,087
Trademarks and certification		
Cost	373	438
Accumulated amortisation	(147)	(189)
	226	249
Software		
Cost	1,378	1,764
Accumulated amortisation	(986)	(1,311)
	392	453
Software under development		
Cost	1,946	1,479
	1,946	1,479
Hydroproc Process		
Cost	2,217	2,217
Accumulated amortisation	(1,554)	(1,554)
	663	663
Registrations and brands		
Cost	2,207	2,207
Accumulated amortisation	(90)	(37)
	2,117	2,170
Total intangible assets	145,562	144,101

For personal use only

DGL GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 71 002 802 646

CONDENSED NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 9: Intangible Assets (continued)

Consolidated Group:

	Goodwill	Trademarks and Certification	Software	Software under development	Hydroproc Process	Registration and Brands	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Year ended 30 June 2023							
Balance at the beginning of the year	93,284	275	480	1,917	663	1,853	98,472
Additions	-	-	56	840	-	-	896
Acquisitions through business combinations	45,760	-	-	-	-	255	46,015
Amortisation charge	-	(26)	(85)	-	-	(38)	(149)
Reclassification	-	-	-	(1,253)	-	-	(1,253)
Movement in foreign currency	43	-	2	(25)	-	-	20
Tax impact	-	-	-	-	-	100	100
Closing value at 30 June 2023	139,087	249	453	1,479	663	2,170	144,101
	Goodwill	Trademarks and Certification	Software	Software under development	Hydroproc Process	Registration and Brands	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Year ended 30 June 2024							
Balance at the beginning of the year	139,087	249	453	1,479	663	2,170	144,101
Additions	-	1	-	717	-	-	718
Disposals	-	-	(18)	-	-	-	(18)
Acquisitions through business combinations (see note 19)	1,197	-	36	-	-	-	1,233
Amortisation charge	-	(24)	(97)	-	-	(53)	(174)
Reclassification	-	-	18	(248)	-	-	(230)
Movement in foreign currency	(66)	-	-	(2)	-	-	(68)
Tax impact	-	-	-	-	-	-	-
Closing value at 30 June 2024	140,218	226	392	1,946	663	2,117	145,562

Note 10 Other Assets

	Group	
	2024 (unaudited) \$000	2023 (restated) \$000
Current		
Prepayments	7,908	6,503
Bond and security deposits	1,177	1,986
Others	-	49
	<u>9,085</u>	<u>8,538</u>

For personal use only

DGL GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 71 002 802 646

CONDENSED NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 11 Right-of-use Assets

The Group's lease portfolio predominantly relates to land & buildings. These leases have an average of 7 years remaining in their lease term (if all available options are taken up).

Options to extend or terminate

The option to extend or terminate is contained in several of the property leases of the Group. There were no extension options for equipment leases. These clauses provide the Group opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by the Group. The extension options or termination options which were reasonably certain to be exercised have been included in the calculation of the lease liability and by extension, the right of use asset.

(i) AASB 16 related amounts recognised in the Consolidated Statement of Financial Position

Right-of-use assets	Group	
	2024	2023
	(unaudited)	(restated)
	\$000	\$000
Cost	92,546	76,528
Accumulated depreciation	(47,594)	(32,657)
Total right-of-use asset	44,952	43,871

Lease Liabilities	Group	
	2024	2023
	(unaudited)	(restated)
	\$000	\$000
Current	14,458	14,206
Non-current	32,980	32,047
Total lease liabilities	47,438	46,253

Movements in carrying amounts of Right-of-use assets

Leased buildings:		
Opening net carrying amount	43,871	40,457
Acquisitions through business combinations ⁽ⁱ⁾	4,595	7,565
Additions	11,707	7,852
Depreciation expense	(15,999)	(12,822)
Movement in foreign exchange	778	819
Net carrying amount	44,952	43,871

⁽ⁱ⁾ Refer to Note 19: Business Combinations for further information.

(ii) AASB 16 related amounts recognised in the statement of profit or loss	Group	
	2024	2023
	(unaudited)	(restated)
	\$000	\$000
Depreciation charge related to right-of-use assets	15,999	12,822
Interest expense on lease liabilities	2,099	1,503

Total cash outflows for leases	Group	
	2024	2023
	(unaudited)	(restated)
	\$000	\$000
	17,994	13,374

For personal use only

DGL GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 71 002 802 646

CONDENSED NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**Note 12 Trade and Other Payables**

	Group	
	2024 (unaudited) \$000	2023 (restated) \$000
Current		
<i>Unsecured liabilities</i>		
Trade payables	35,848	25,966
Sundry payables and accrued expenses	6,983	6,514
Contingent consideration	400	1,000
	<u>43,231</u>	<u>33,480</u>

Note 13 Borrowings

	Group	
	2024 (unaudited) \$000	2023 (restated) \$000
Current		
Secured liabilities - amortised cost:		
Bank loans	1,489	3,901
Other loans	2,167	2,508
Total current borrowings	<u>3,656</u>	<u>6,409</u>
Non-current		
Secured liabilities - amortised cost:		
Bank loans	129,784	121,518
Other loans	20	7
Total non-current borrowings	<u>129,804</u>	<u>121,525</u>
Total borrowings	<u>133,460</u>	<u>127,934</u>
	Group	
	2024 (unaudited) \$000	2023 (restated) \$000
(a) Total current and non-current secured liabilities:		
Bank loans	131,273	125,419
Other loans	2,187	2,515
	<u>133,460</u>	<u>127,934</u>

(b) Collateral provided

On 19 December 2023, the Group entered into a new Syndicated Facility Agreement. The previous facility with ANZ Bank Group Limited was due to mature in September 2024 and the new multi-option syndicated facility matures in December 2026.

Facility A, purpose to refinance existing Financial Indebtedness of the Group and to fund further acquisitions and capital expenditure.

Facility B, purpose to provide financing of working capital and general corporate purposes.

The two facilities are secured by a first ranking security charge over the Group's assets and property excluding those covered under the Equipment finance loans.

For personal use only

DGL GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 71 002 802 646

CONDENSED NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**Note 13: Borrowings (continued)**

Facilities drawn as at 30 June 2024

	Amount Drawn \$000	Total facility \$000
Facility A	73,905	115,000
Facility B	29,516	40,000
Equipment finance facilities	31,732	37,445
Overdraft facility	-	3,000
Total Bank loans	<u>135,153</u>	<u>195,445</u>

Under the terms of the agreement for Facility A and Facility B, the group is required to comply with the following financial covenants:

- The Leverage Ratio of the Group is no more than 3:1
- The Fixed Charge Cover Ratio of the Group is at least 2:1;
- The Debt to Capitalisation Ratio of the Group is no more than 0.5:1; and
- Facility B borrowing base ratio does not exceed 100%.

The Group remains in compliance with all of its debt covenants.

Note 14 Provisions

	Group	
	2024 (unaudited) \$000	2023 (restated) \$000
Current		
Employee benefits	9,263	8,280
Site cleanup and disposal of battery acid and other chemicals	285	1,219
Others	57	-
Total	<u>9,605</u>	<u>9,499</u>

	Group	
	2024 (unaudited) \$000	2023 (restated) \$000
Non-Current		
Employee benefits	1,083	1,661
Total	<u>1,083</u>	<u>1,661</u>

Analysis of Total Provisions

	2024 (unaudited) \$000	2023 (restated) \$000
Current	9,605	9,499
Non-current	1,083	1,661
	<u>10,688</u>	<u>11,160</u>

	Group	
	2024 (unaudited) \$000	2023 (restated) \$000
Site cleanup and disposal of battery acid and other chemicals		
Opening balance	1,219	724
Net movement in provisions	(934)	495
Total	<u>285</u>	<u>1,219</u>

For personal use only

DGL GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 71 002 802 646

CONDENSED NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 15 Issued Capital

	Group	
	2024	2023
	(unaudited)	(restated)
	\$000	\$000
285,156,461 fully paid ordinary shares (2023: 284,911,205 fully paid ordinary shares)	258,112	258,364
	<u>258,112</u>	<u>258,364</u>

(a) Ordinary Shares	Group			
	2024		2023	
	No.	\$'000	No.	\$'000
At the beginning of the reporting period	284,911,205	258,364	279,192,548	250,118
Shares issued during the year	245,256	191	5,718,657	8,662
Less: share buy back	(546,101)	(433)	-	-
Less: capital raising costs	-	(10)	-	(41)
Add: DTL effect of capital raising costs	-	-	-	(375)
At the end of the reporting period	<u>284,610,360</u>	<u>258,112</u>	<u>284,911,205</u>	<u>258,364</u>

On 8 August 2023, 245,256 fully paid ordinary shares were issued at \$0.785 per share. The share issuance was to certain members of the executive management team following a remuneration review. No cash was raised.

Between 17 October and 23 October 2023, the Company performance an on-market share buy-back of 546,101 of its own shares for a total cash consideration of \$433,000 and an average share price of \$0.788 per share. As at 30 June 2024, these were held as treasury shares.

(b) Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements other than bank covenants by funding partners.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

	Note	Group	
		2024	2023
		(unaudited)	(restated)
		\$000	\$000
Total borrowings and lease liabilities		180,898	174,187
Trade & other payables		42,831	32,480
Less cash & cash equivalents	3	(19,630)	(36,919)
Net debt		<u>204,099</u>	<u>169,748</u>
Total equity		<u>341,959</u>	<u>328,593</u>
Total net debt and equity		<u>546,058</u>	<u>498,341</u>
Gearing ratio		37%	34%

For personal use only

DGL GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 71 002 802 646

CONDENSED NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 16 Operating Segments

General Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment; and
- the type or class of customer for the products or service.

Types of products and services by segment

(i) Environmental Services

The Group's Environmental Services segment is focused on resource recovery and waste management. Its core activities comprise liquid waste treatment, end-of-life lead acid battery ("ULAB") recycling and lead smelting and refining.

ULAB recycling is undertaken at two EPA licensed recycling facilities located in New South Wales and Victoria. The division relies on an established and mature collection network of suppliers located throughout Australia. ULABs are recycled in state-of-the-art recycling facilities which are highly automated. The primary outputs from the ULAB recycling process are lead products, scrap plastic and waste.

The segment's lead smelter in Laverton North, Victoria has lead smelting and refining capabilities. This is to allow the conversion of intermediate lead material into valuable end products, which are sold to a wider global market.

The segment operates a waste water treatment plant at its New South Wales ULAB recycling plant to process liquid waste generated from its own plant and from external customers.

(ii) Chemical Manufacturing

The Group's Chemical Manufacturing segment produces its own range of speciality chemicals and undertaken advanced formulation and contract manufacturing on behalf of third parties. The Group believes the segment provides a versatile, end to end solution for its customers.

Operations are focused on deriving chemicals from complex reactions in controlled environments. Using internally developed intellectual property, the division also manufactures DGL branded goods.

(iii) Logistics

The Group's Logistics segment offers transport, logistics and warehousing services focusing on dangerous and hazardous goods across Australia and New Zealand. The segment also manages logistics and distribution for other goods including food, pharmaceutical products, agricultural products, security sensitive goods and temperature-controlled products.

Key components of the services provided by the Logistics segment include freight forwarding, inventory management, warehousing, and transport.

(iv) Corporate costs

The Group's Corporate Costs segment represents costs incurred by the Group not allocated to the operating segments.

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

(b) Intersegment transactions

An internally determined transfer price is set for all intersegment sales. This price is reset biannually and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Intersegment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If intersegment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

For personal use only

DGL GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 71 002 802 646

CONDENSED NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 16: Operating Segments (continued)

(c) **Segment assets**

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

(d) **Segment liabilities**

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

(e) **Segment information**

(i) **Segment performance**

	Environmental Services	Chemical Manufacturing	Logistics	Corporate Costs	Eliminations	Total
Year ended 30 June 2024	\$000	\$000	\$000	\$000	\$000	\$000
REVENUE						
External sales	97,667	256,892	110,488	1,088	-	466,135
Inter-company revenue	2,349	17,860	27,341	6,683	(54,233)	-
Total segment revenue	100,016	274,752	137,829	7,771	(54,233)	466,135
Underlying EBITDA	7,890	44,746	23,623	(10,288)	(2,280)	63,691
Depreciation & amortisation	(4,283)	(9,963)	(16,511)	(2,116)	2,649	(30,224)
Underlying EBIT	3,607	34,783	7,112	(12,404)	370	33,468

Reconciliation of segment result to group net profit/loss before tax

Finance costs						(10,855)
Acquisition costs						(1,551)
Release of site rectification provision						1,019
ERP implementation costs						(870)
Net profit before tax from continuing operations						21,211

	Environmental Services	Chemical Manufacturing	Logistics	Corporate Costs	Eliminations	Total
Year ended 30 June 2023	\$000	\$000	\$000	\$000	\$000	\$000
REVENUE						
External sales	109,785	271,225	84,259	725	-	465,994
Inter-company revenue	593	10,633	18,840	5,731	(35,797)	-
Total segment revenue	110,378	281,858	103,099	6,456	(35,797)	465,994
Underlying EBITDA	12,438	41,732	20,538	(7,987)	(2,652)	64,069
Depreciation & amortisation	(3,116)	(8,743)	(12,222)	(928)	2,614	(22,395)
Underlying EBIT	9,322	32,989	8,316	(8,915)	(38)	41,674

Reconciliation of segment result to group net profit/loss before tax

Finance costs						(7,636)
Acquisition costs						(3,056)
Site rectification expense						(500)
Net profit before tax from continuing operations						30,482

(ii) **Segment assets and liabilities**

	Environmental Services	Chemical Manufacturing	Logistics	Corporate Costs	Eliminations	Total
30 June 2024	\$000	\$000	\$000	\$000	\$000	\$000
Segment assets	277,867	199,713	78,418	149,121	(99,476)	605,643
Segment liabilities	(34,473)	(57,052)	(30,516)	(149,170)	7,527	(263,684)
Segment assets include:						
- Additions to non-current assets (other than financial assets and deferred tax)	8,467	7,907	13,511	6,463	-	36,348

For personal use only

DGL GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 71 002 802 646

CONDENSED NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 16: Operating Segments (continued)

	Environmental Services	Chemical Manufacturing	Logistics	Corporate Costs	Eliminations	Total
30 June 2023	\$000	\$000	\$000	\$000	\$000	\$000
Segment assets	78,803	245,416	112,244	152,174	(18,792)	569,845
Segment liabilities	(24,143)	(46,214)	(38,926)	(149,401)	17,432	(241,252)
Segment assets include:						
- Additions to non-current assets (other than financial assets and deferred tax)	37,895	20,094	44,711	296	-	102,996

(iii) Revenue by geographical region

Revenue, including revenue from discontinued operations, attributable to external customers is disclosed below, based on the location of the selling entity.

	2024 (unaudited) \$000	2023 (restated) \$000
Australia	434,709	438,295
New Zealand	30,796	27,303
United States of America	630	396
Total revenue	466,135	465,994

(iv) Assets by geographical region

The location of segment assets by geographical location of the assets is disclosed below:

	2024 (unaudited) \$000	2023 (restated) \$000
Australia	525,833	492,734
New Zealand	79,803	76,289
United States of America	7	822
Total Assets	605,643	569,845

Note 17 Events After the Reporting Period

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

On 3 July 2024, the Company announced the acquisition of Australian Petro Chemical Storage (APCS) for a total consideration of \$5.5 million. APCS operates a major hazardous facility on a licensed storage site. The acquisition is expected to settle in October 2024 and will be funded by operating cash flow.

On 8 August 2024, the Company announced the resignation of Company Secretary, Mr Andrew Draffin. The Company Secretarial role will be moved in-house with Hanna Posa, DGL's General Counsel, will be appointed effective from 6 September 2024, formerly 1 September 2024.

On 20 May 2024, the Company announced the acquisition of Enlog Pacific Holdings Pty Ltd, a specialist logistics business covering highly regulated materials and industrial services. The acquisition was subject to FIRB approval which was granted in August 2024. The acquisition will formally settle on 2 September 2024.

For personal use only

DGL GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 71 002 802 646

CONDENSED NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**Note 18 Reserves****a. Foreign Currency Translation Reserve**

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

	Group	
	2024 (unaudited) \$000	2023 (restated) \$000
Balance at the beginning of the period	(1,532)	(1,900)
Exchange differences on translating foreign operations, net of tax	(338)	368
	(1,870)	(1,532)

b. Asset Revaluation Reserve

The asset revaluation reserve records revaluations of land and buildings.

	Group	
	2024 (unaudited) \$000	2023 (restated) \$000
Balance at the beginning of the period	48,005	48,886
Revaluation gain on land and buildings, net of tax	-	-
Transfer on asset disposal	-	(992)
Tax effect	-	111
	48,005	48,005

c. Cash Flow Hedge Reserve

The asset revaluation reserve records revaluations of hedging instruments

	Group	
	2024 (unaudited) \$000	2023 (restated) \$000
Balance at the beginning of the period	142	262
Gain on derivative contract held as hedging instruments, net of tax	(122)	76
Hedging gains reclassified to profit and loss, net of tax	-	(196)
	20	142

d. Merger Acquisition Reserve

When the Company acquired DGL Manufacturing Pty Ltd, DGL Warehousing & Distribution Pty Ltd, DGL (NZ) Limited, DGL Manufacturing Limited and DGL Warehousing NZ Limited, the transactions were assessed as a transaction involving entities under common control.

In accordance with the accounting policy adopted, all assets and liabilities will be recorded at their book value at the date of acquisition. The remaining difference between the fair value of the consideration paid and the book value of the net assets acquired is allocated to equity.

	Group	
	2024 (unaudited) \$000	2023 (restated) \$000
Balance at the beginning of the period	(54,230)	(54,230)
Movements during the year	-	-
	(54,230)	(54,230)

For personal use only

DGL GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 71 002 802 646

CONDENSED NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**Note 18: Reserves (continued)**

	Group	
	2024 (unaudited) \$000	2023 (restated) \$000
Total Reserves		
Foreign Currency Translation Reserve	(1,870)	(1,532)
Asset Revaluation Reserve	48,005	48,005
Cash Flow Hedge Reserve	20	142
Merger Acquisition Reserve	(54,230)	(54,230)
	<u>(8,075)</u>	<u>(7,615)</u>

Note 19 Business Combinations**Summary of Business Combinations during the financial year**

During the financial year, the Group acquired the business and assets of 5 companies. A summary of the combinations are as follows:

	Fair Value \$'000
Purchase consideration	
- Cash	15,961
	<u>15,961</u>
Less:	
- Other assets	341
- Inventories	3,877
- Right-of-use assets	5,407
- Property, plant & equipment	11,534
- Lease liabilities	(5,407)
- Payables	(398)
- Borrowings	(27)
- Provisions	(373)
Identifiable assets acquired and liabilities assumed	<u>14,954</u>
Goodwill/(bargain purchase) accounted for	<u>1,007</u>
Goodwill/ (bargain purchase) made up of:	
Goodwill provisionally accounted for (see note 11)	1,197
Bargain purchase recognised in profit or loss	(190)
	<u>1,007</u>

(a) Acquisition of Qblend

On 1 July 2023, DGL Manufacturing purchased the business and assets of Qblend Pty Ltd, a privately owned powder blending and repacking business based in Carole Park, Brisbane.

The total acquisition price was \$699,633 which was settled by cash.

	Fair Value \$'000
Purchase consideration	
- Cash	700
	<u>700</u>
Less:	
- Property, plant & equipment	351
- Inventories	30
- Right-of-use assets	1,272
- Lease liabilities	(1,272)
Identifiable assets acquired & liabilities assumed	<u>381</u>
Goodwill provisionally accounted for	<u>319</u>

For personal use only

DGL GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 71 002 802 646

CONDENSED NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**Note 19: Business Combinations (continued)****(b) Acquisition of Kinnear Transport**

On 1 August 2023, DGL Warehousing & Distribution purchased the business and assets of Kinnear Transport, a Western Australia-based heavy vehicle carrier specialising in the transport and storage of chemicals.

The total acquisition price was \$7,675,806 which was settled by cash.

	Fair Value \$'000
Purchase consideration	
- Cash	7,676
	<u>7,676</u>
Less:	
- Property, plant & equipment	7,527
- Borrowings	(27)
- Provisions	(68)
Identifiable assets acquired & liabilities assumed	<u>7,432</u>
Goodwill provisionally accounted for	<u>244</u>

(c) Acquisition of Allnex

On 1 December 2023, DGL Manufacturing Limited purchased the business and assets of Allnex New Zealand Limited's construction products division, expanding our range of products in the construction industry and complementary to the pre-existing Bondlast business in New Zealand.

The total acquisition price was NZ\$4,593,588 (AUD\$4,273,662) which was settled by cash.

	Fair Value \$'000
Purchase consideration	
- Cash	4,274
	<u>4,274</u>
Less:	
- Other assets	341
- Inventories	3,609
- Property, plant & equipment	311
- Right-of-use assets	824
- Lease liabilities	(824)
- Payables	(398)
- Provisions	(133)
Identifiable assets acquired & liabilities assumed	<u>3,730</u>
Goodwill provisionally accounted for	<u>544</u>

(d) Acquisition of Katanning Logistics

On 18 January 2024, DGL Warehousing & Distribution purchased the business and assets of Katanning Logistics, a Western Australia-based heavy vehicle carrier specialised in the transport and freight carrier services.

The total acquisition price was \$2,100,000 which was settled by cash.

	Fair Value \$'000
Purchase consideration	
- Cash	2,100
	<u>2,100</u>
Less:	
- Property, plant & equipment	2,290
Identifiable assets acquired & liabilities assumed	<u>2,290</u>
Bargain Purchase accounted for	<u>(190)</u>

For personal use only

DGL GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 71 002 802 646

CONDENSED NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 19: Business Combinations (continued)

(e) Acquisition of Flexitech

On 1 February 2024, DGL Manufacturing Pty Ltd purchased the business and assets of Flexitech Pty Ltd, Flexitech Intellectual Property Pty Ltd, Flexitech Holdings Pty Ltd and Flexitech Industrial Products Pty Ltd. Flexitech stands as Australia's premier supplier of roofing products, boasting a comprehensive range that includes pointing cement and roof paint. With over two decades of industry experience, Flexitech has established itself as the go-to choice for contractors seeking efficient, high-quality solutions. Their commitment to innovation, environmental sustainability, and customer satisfaction aligns seamlessly with DGL Manufacturing's strategic vision and values.

The total acquisition price was \$1,211,000 which was settled by cash,

	Fair Value \$'000
Purchase consideration	
- Cash	1,211
	<u>1,211</u>
Less:	
- Inventories	238
- Property, plant & equipment	1,055
- Provisions	(172)
- Right-of-use assets	3,311
- Lease liabilities	(3,311)
Identifiable assets acquired & liabilities assumed	<u>1,121</u>
Goodwill⁽ⁱ⁾ provisionally accounted for	<u>90</u>

(i) No amount of goodwill is deductible for tax purposes.

For personal use only