

DGL GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 71 002 802 646

**Financial Report For The Half Year Ended
31 December 2024**

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**DGL GROUP LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT**



The directors present their report on the consolidated entity (referred to herein as the Group) consisting of DGL Group Limited and its controlled entities for the half year ended 31 December 2024.

Directors

The following persons were directors of DGL Group Limited during the whole of the half year and up to the date of this report, unless otherwise stated.

Tim Hosking	Chairman and Non-Executive Director
Simon Henry	Founder, Executive Director and Chief Executive Officer
Robert Sushames	Executive Director
John West	Non-Executive Director

Principal Activities and Significant Changes in Nature of Activities

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.

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

Chemical Manufacturing

Since June 2024, DGL has acquired the shares of Australian Petrochemical Storage Pty Ltd, a privately owned operator of a major hazardous facility on a licensed storage site at Ingleburn, NSW. This business is being rapidly integrated into existing operations and performing in line with management's expectations.

The crop protection sector saw strong customer demand driven by improved seasonal conditions, with improved volumes driving higher gross margins.

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Chemical Manufacturing (continued)

The Chemical Manufacturing segment remains well positioned to continue to expand cross-selling of the Group's Logistics 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.

Logistics

Since June 2024, DGL has acquired the business, assets and property of Enlog Pacific Holdings Pty Ltd. Enlog is a specialist logistics business covering highly regulated materials and industrial services subject to regulatory approvals. This business is being integrated into the existing logistics operations, and integration of businesses acquired previously is in line with management expectations.

Demand for warehousing held strong, with margin improvements driven by continued investment in fleet assets.

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

Environmental Services

The recycling facilities continued to be impacted by an industry-wide increase in demand for used lead asset batteries, which has reduced feedstock supplies and impacted margins.

A new liquid waste treatment facility is expected to start operations in the first half of FY26, which will provide a new revenue stream along with playing a synergistic role with existing operations. This will be a state-of-the-art liquid waste treatment plant on the same site as DGL's existing wastewater treatment plant, and will be capable of treating significantly greater volumes of liquid waste. The new plant is approaching the final construction phase after a multi-year development and approval process, and is expected to contribute to improved earnings in FY26.

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.

Reduced demand in the mining sector, driven by shutdowns and operational disruptions at certain mining sites impacted performance.

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 Half-Year

On 26 February 2025, the Group entered into an agreement for the purchase of 1/36-38 Collier Street, Griffith, NSW 2680. The purchase price for the property was \$1,650,000.

Likely Developments and Expected Results of Operations

The Group expects to continue to execute its business plan, in line with its strategic objectives as outlined in its 2024 Annual Report.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required by section 307c of the Corporations Act 2001 is attached on page 3.



Tim Hosking

Chairman

27 February 2025

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF DGL GROUP LIMITED

In relation to our review of the financial report of DGL Group Limited for the half-year ended 31 December 2024, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (b) no contraventions of any applicable code of professional conduct.

This declaration is made in respect of DGL Group Limited and the entities it controlled during the financial period.

A handwritten signature in black ink that reads 'PKF'.

PKF
Melbourne, 27 February 2025

A handwritten signature in black ink that reads 'Kenneth Weldin'.

Kenneth Weldin
Partner

DGL GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 71 002 802 646
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2024



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		Group	
		31-Dec-24	31-Dec-23
Note		\$000	\$000
	Sales revenue	239,113	216,972
	Cost of sales	(136,097)	(119,651)
		103,016	97,321
	Other income	440	676
	Acquisition costs relating to business combinations	(216)	(1,517)
	Employee benefits expense	(57,118)	(52,769)
	Administration and general expenses	(10,808)	(6,680)
	Write off intangible assets	(1,690)	-
	Impairment loss on assets held for sale	(700)	-
	Legal and professional fees	(1,295)	(2,621)
	Occupancy expense	(8,965)	(6,154)
	Depreciation and amortisation expense	(16,757)	(13,966)
	Finance costs	(5,882)	(5,108)
	Profit before income tax	25	9,182
	Tax expense	(2,259)	(3,301)
	Net profit/(loss) for the half year	(2,234)	5,881
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss when specific conditions are met:			
	Gain/(loss) on derivative contract held as hedging instruments, net of tax	591	(135)
	Exchange differences on translating foreign operations, net of tax	(875)	372
Items that will not be reclassified subsequently to profit or loss:			
	Hedging gains reclassified to profit and loss, net of tax	-	(142)
	Revaluation loss on land and buildings, net of tax	(1,408)	-
	Total other comprehensive income/(loss) for the year	(1,692)	95
	Total comprehensive income/(loss) for the year	(3,926)	5,976
Net profit/(loss) attributable to:			
	Owners of the parent entity	(2,234)	5,881
	Total comprehensive income/(loss) attributable to:		
	Owners of the parent entity	(3,926)	5,976
Earnings per share			
	Basic and diluted earnings per share (cents)	(0.78)	2.06

The accompanying notes form part of these financial statements.

DGL GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 71 002 802 646
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2024



		Group	
	Note	31-Dec-24 \$000	30-Jun-24 \$000
Assets			
Current Assets			
Cash and cash equivalents		18,298	19,630
Trade and other receivables	4	62,245	60,151
Inventories	5	46,163	39,501
Asset held for sale	6	5,862	20,606
Other assets	9	8,027	9,085
Total Current Assets		140,595	148,973
Non-Current Assets			
Property, plant and equipment	7	256,550	260,123
Intangible assets	8	150,747	145,562
Right-of-use assets	10	60,581	44,952
Total Non-Current Assets		467,878	450,637
Total Assets		608,473	605,889
Liabilities			
Current Liabilities			
Trade and other payables	11	44,258	36,949
Other financial liabilities		3,498	3,507
Lease liabilities	10	14,679	14,458
Borrowings	12	9,903	3,656
Current tax liabilities		7,884	6,520
Provisions		9,906	9,575
Deferred income		1,395	1,244
Total Current Liabilities		91,523	75,909
Non-Current Liabilities			
Borrowings	12	110,435	129,804
Lease liabilities	10	48,902	32,980
Deferred tax liabilities		16,581	16,396
Provisions		1,199	1,112
Deferred income		1,200	1,200
Total Non-Current Liabilities		178,317	181,492
Total Liabilities		269,840	263,680
Net Assets		338,633	342,209
Equity			
Issued capital	13	258,462	258,112
Reserves		(14,362)	(8,075)
Retained earnings		94,533	92,172
Total Equity		338,633	342,209

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The accompanying notes form part of these financial statements.

DGL GROUP LIMITED AND CONTROLLED ENTITIES

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2024



	Share Capital	Retained Earnings	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 2023	258,364	77,844	48,005	142	(54,230)	(1,532)	328,593
Comprehensive income							
Profit for the year	-	5,881	-	-	-	-	5,881
Other comprehensive income for the year	-	-	-	(277)	-	372	95
Total comprehensive income for the year	-	5,881	-	(277)	-	372	5,976
Transactions with owners, in their capacity as owners, and other transfers							
Shares issued net of transaction costs	179	-	-	-	-	-	179
Shares bought back during the year	(431)	-	-	-	-	-	(431)
Total transactions with owners and other transfers	252	-	-	-	-	-	252
Balance at 31 Dec 2023	258,616	83,725	48,005	(135)	(54,230)	(1,160)	334,821
Balance at 1 July 2024	258,112	92,172	48,005	20	(54,230)	(1,870)	342,209
Comprehensive income							
Loss for the year	-	(2,234)	-	-	-	-	(2,234)
Other comprehensive income/(loss) for the year	-	-	(1,408)	591	-	(875)	(1,692)
Total comprehensive income/(loss) for the year	-	(2,234)	(1,408)	591	-	(875)	(3,926)
Transactions with owners, in their capacity as owners, and other transactions							
Shares issued	350	-	-	-	-	-	350
Transaction costs net of tax	-	-	-	-	-	-	-
Reclassification of reserves relating to disposal of properties	-	4,595	(4,595)	-	-	-	-
Total transactions with owners and other transactions	350	4,595	(4,595)	-	-	-	350
Balance at 31 Dec 2024	258,462	94,533	42,002	611	(54,230)	(2,745)	338,633

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**DGL GROUP LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2024**



	Group	
	31-Dec-24 \$000	31-Dec-23 \$000
Cash flows from operating activities		
Receipts from customers	235,889	237,284
Payments to suppliers and employees	(211,709)	(210,088)
Other income	545	531
Finance costs	(5,882)	(3,921)
Income tax paid	(710)	(4,479)
Net cash generated by operating activities	18,132	19,327
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	18,296	404
Purchase of property, plant and equipment	(8,488)	(21,195)
Payments for acquisition costs	(216)	(235)
Purchase of intangibles	(502)	(1,517)
Purchase of subsidiary	(7,516)	-
Purchase of business and assets	-	(13,899)
Cash acquired from acquisition of subsidiary	584	-
Net cash (used in)/generated by investing activities	2,158	(36,442)
Cash flows from financing activities		
Share buy-back payment	-	(430)
Net (repayments)/proceeds from borrowings	(13,122)	10,498
Repayment of lease liabilities	(8,500)	(8,558)
Net cash (used in)/provided by financing activities	(21,622)	1,510
Net decrease in cash and cash equivalents held	(1,332)	(15,605)
Cash and cash equivalents at beginning of period	19,630	36,919
Effect of exchange rates on cash holdings in foreign currencies	-	(84)
Cash and cash equivalents at end of period	18,298	21,230

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DGL GROUP LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2024



The Directors of DGL Group Limited and its subsidiaries ("the Group") submit herewith the annual report of the Group for the half year ended 31 December 2024. The separate financial statements of the parent entity, DGL Group Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 27 February 2025 by the directors of the company.

Note 1 Material Accounting Policy Information

(a) Basis of Preparation

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001, as appropriate for 'for profit' entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting.

The interim financial reporting does not include all the notes of the type usually included in the annual financial report.

It is therefore recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2024 and any public announcements made by the Company since 30 June 2024 in accordance with continuous disclosure obligations of the Corporations Act 2001 and ASX listing rules.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 30 June 2024.

New Accounting Standards and Interpretations published but not yet adopted

There have been no new standards published but not yet adopted that would have a material impact upon either the Group's reported

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

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DGL GROUP LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2024**Note 2 Revenue and Other Income**

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

	Group	
	31-Dec-24 \$000	31-Dec-23 \$000
Continuing operations		
Revenue from contracts with customers	214,951	212,669
Other sources of revenue	24,162	4,303
Total sales revenue	239,113	216,972
Other income		
- Miscellaneous income	59	77
- Interest received	206	-
- Administration revenue	39	74
- Fuel tax credits income	36	305
- Gain on sale of fixed assets	18	69
- Foreign exchange gain	82	151
Total other income	440	676

Note 3 Earnings per Share (EPS)

	Group	
	31-Dec-24 \$000	31-Dec-23 \$000
(a) Reconciliation of earnings to profit or loss from continuing operations		
Earnings used in the calculation of basic and dilutive EPS	(2,234)	5,881
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	285,014,724	284,888,315
Basic and diluted earnings per share from continuing operations (cents)	(0.78)	2.06

Note 4 Trade and Other Receivables

	Group	
	31-Dec-24 \$000	30-Jun-24 \$000
Current		
Trade receivables	61,906	59,586
Provision for impairment	(879)	(906)
	61,027	58,680
Other receivables	1,218	1,471
Total current trade & other receivables	62,245	60,151

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DGL GROUP LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2024



Note 5 Inventories

	Group	
	31-Dec-24 \$000	30-Jun-24 \$000
Current		
At cost:		
Raw materials and spares	30,305	24,189
Work in progress	1,276	857
Finished goods	14,605	14,388
Stock in transit	64	154
Less:		
Stock provision	(87)	(87)
	46,163	39,501

Note 6 Assets held for sale

	Group	
	31-Dec-24 \$000	30-Jun-24 \$000
Asset held for sale		
Project - Nambour	5,862	6,542
Property - 38 Seaview Place	-	14,064
	5,862	20,606

Nambour is a work in progress project and relates to a chlorine manufacturing plant, formerly in partnership with Unity Water. DGL now owns 100% of the project, along with associated intellectual property. Due to material changes in the operating environment, DGL is actively negotiating with potential buyers to dispose of the project assets in their immediate condition.

38 Seaview Place is a non-core DGL site which sold for NZD\$12.5m, with settlement date 10 October 2024.

Note 7 Property, Plant and Equipment

	Group	
	31-Dec-24 \$000	30-Jun-24 \$000
Land & Buildings		
Freehold land at:		
Fair value	88,782	94,099
Total land	88,782	94,099
Buildings at:		
Fair value	60,041	59,794
Accumulated depreciation	(5,519)	(4,772)
Total buildings	54,522	55,022
Total land & buildings	143,304	149,121
Plant & equipment:		
Leasehold improvements		
At cost	3,180	1,713
Accumulated depreciation	(328)	(253)
	2,852	1,460

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DGL GROUP LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2024



Note 7 Property, Plant and Equipment (continued)

Plant and equipment

At cost	84,273	79,794
Accumulated depreciation	(42,475)	(37,192)
	<u>41,798</u>	<u>42,602</u>

Motor Vehicles

At cost	57,019	54,224
Accumulated depreciation	(14,243)	(10,063)
	<u>42,776</u>	<u>44,161</u>

Plant under construction

At cost	25,858	22,788
Accumulated amortisation	(38)	(9)
	<u>25,820</u>	<u>22,779</u>

Total plant & equipment

113,247 111,002

Total property, plant & equipment

256,550 260,123

Movements in Carrying Amounts

During the half year period ended 31 Dec 2024, the Group disposed of land and buildings at 25-27 & 33 Epsom Road at a net carrying value of \$5.7m. In addition, the Group has invested \$4.8m as additions to plants under constructions which are used to construct new plants and upgrade existing plants.

	Land \$000	Buildings \$000	Leasehold Improvement \$000	Plant & Equipment \$000	Motor Vehicles \$000	Plant Under Construction \$000	Total \$000
Group							
Balance at 1 July 2024	94,099	55,022	1,460	42,602	44,161	22,779	260,123
Additions	-	115	641	2,649	1,727	4,759	9,891
Disposals	(5,315)	(330)	-	(23)	(372)	(826)	(6,866)
Write offs	-	-	-	-	-	(240)	(240)
Acquisitions through business combinations	191	660	847	177	181	-	2,056
Depreciation expense	-	(845)	(98)	(4,081)	(2,896)	(15)	(7,935)
Reclassification	(58)	-	-	490	-	(627)	(195)
Movement in foreign currency	(135)	(100)	2	(16)	(25)	(10)	(284)
Balance at 31 December 2024	<u>88,782</u>	<u>54,522</u>	<u>2,852</u>	<u>41,798</u>	<u>42,776</u>	<u>25,820</u>	<u>256,550</u>

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DGL GROUP LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2024**Note 8 Intangible Assets**

	Group	
	31-Dec-24 \$000	30-Jun-24 \$000
Goodwill		
Cost	147,285	141,062
Accumulated impairment losses	(844)	(844)
	<u>146,441</u>	<u>140,218</u>
Trademarks and certification		
Cost	443	373
Accumulated amortisation	(221)	(147)
	<u>222</u>	<u>226</u>
Software		
Cost	1,409	1,378
Accumulated amortisation	(891)	(986)
	<u>519</u>	<u>392</u>
Software under development		
Cost	785	1,946
	<u>785</u>	<u>1,946</u>
Hydroproc Process		
Cost	2,217	2,217
Accumulated amortisation	(1,554)	(1,554)
	<u>663</u>	<u>663</u>
Registrations and brands		
Cost	2,207	2,207
Accumulated amortisation	(90)	(90)
	<u>2,117</u>	<u>2,117</u>
Total intangible assets	<u><u>150,747</u></u>	<u><u>145,562</u></u>

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DGL GROUP LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2024



Note 8 Intangible Assets (continued)

Movements in carrying amounts:

The intangible assets held by the Group increased primarily as a result of the acquisition of Enlog Pacific Holdings Pty Ltd & Australian Petrochemical Solutions Pty Ltd (refer Note 17). Notably, there was a write-off related to a warehouse management system project deemed not fit for purpose.

	Goodwill \$000	Trademarks and Certification \$000	Software \$000	Software under development \$000	Hydroproc Process \$000	Registration and Brands \$000	Total \$000
Balance at 1 July							
Balance at the beginning of the year	140,218	226	392	1,946	663	2,117	145,562
Additions	-	3	179	450	-	-	632
Write offs	-	-	-	(1,466)	-	-	(1,466)
Acquisitions through business combinations (see note 17)	6,011	68	-	-	-	-	6,079
Amortisation charge	-	(12)	(51)	-	-	-	(63)
Movement in foreign currency	212	(63)	(1)	(145)	-	-	3
Balance at 31 December 2024	146,441	222	519	785	663	2,117	150,747

Goodwill impairment assessment

The half year review has taken into account current market conditions for each cash-generating unit with a particular focus on Environmental Services. The following key assumptions were used by Management for this review.

- Liquid Waste Treatment Plant (LWTP) in the Environmental CGU coming online during FY26.
- This is a key project which will deliver significant revenue upside for minimal incremental cost with the LWTP being 'fed' by battery acid waste from ULAB processing and additional revenue generating waste products from customers.
- Revenue growth rate for FY26 is based on 4.5% organic growth with incremental revenue from the LWTP with a skew toward higher margin earnings.
- Given the significant progress in H1 FY25 in securing the required regulatory approvals, Management is confident the LWTP approvals will be in place and the plant will be operational in FY26

Management remain alert to any change in market conditions impacting the Environmental Services cash-generating unit, mindful that its assessment is highly sensitive to any deviation from forecasted revenue and margin rates.

Note 9 Other Assets

	Group	
	31-Dec-24 \$000	30-Jun-24 \$000
Current		
Prepayments	6,124	7,908
Bond and security deposits	1,418	1,177
Others	485	-
	8,027	9,085

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Note 10 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.

The short-term lease and low value lease exemptions have been adopted whereby payments associated with these leases are expensed through the profit or loss.

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

	Group	
	31-Dec-24 \$000	30-Jun-24 \$000
Right-of-use assets		
Cost	116,032	92,546
Accumulated depreciation	(55,451)	(47,594)
Total right-of-use asset	60,581	44,952
Lease Liabilities		
Current	14,679	14,458
Non-current	48,902	32,980
Total lease liabilities	63,581	47,438
Movements in carrying amounts of Right-of-use assets		
Leased buildings:		
Opening net carrying amount	44,952	43,871
Acquisitions through business combinations	-	5,407
Additions	24,642	11,707
Depreciation expense	(9,013)	(15,999)
Movement in foreign exchange	-	(34)
Net carrying amount	60,581	44,952

	Group	
	31-Dec-24 \$000	30-Jun-24 \$000
(ii) AASB 16 related amounts recognised in the statement of profit or loss		
Depreciation charge related to right-of-use assets	9,013	15,999
Interest expense on lease liabilities	1,353	2,171
Rental expense related to low value and short-term leases	399	573
Total cash outflows for leases	8,500	17,994

DGL GROUP LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2024



Note 11 Trade and Other Payables

	Group	
	31-Dec-24 \$000	30-Jun-24 \$000
Current		
<i>Unsecured liabilities</i>		
Trade payables	32,379	29,975
Sundry payables and accrued expenses	11,479	6,573
Contingent consideration	400	400
	44,258	36,949

The contingent consideration relates to a government grant funding that was novated to DGL as part of the Aquadex acquisition.

Note 12 Borrowings

	Group	
	31-Dec-24 \$000	30-Jun-24 \$000
Current		
Secured liabilities - amortised cost:		
Bank loans	9,567	1,489
Other loans	336	2,167
Total current borrowings	9,903	3,656
Non-current		
Secured liabilities - amortised cost:		
Bank loans	110,415	129,784
Other loans	20	20
Total non-current borrowings	110,435	129,804
Total borrowings	120,338	133,460
	Group	
	31-Dec-24	30-Jun-24
	\$000	\$000
(a) Total current and non-current secured liabilities:		
Bank loans	119,982	131,273
Other loans	356	2,187
	120,338	133,460

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DGL GROUP LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2024**Note 12 Borrowings (continued)****(b) Collateral provided**

On 19 December 2023, the Group entered into a Syndicated Facility Agreement which 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.

Facilities drawn as at 31 December 2024:

	Amount Drawn \$000	Total facility \$000
Facility A	55,165	115,000
Facility B	37,113	40,000
Equipment finance facilities	25,387	37,445
Overdraft facility	2,941	3,000
Total Bank loans	<u>120,606</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 is in compliance with all of its debt covenants.

Note 13 Issued Capital

	Group	
	31-Dec-24 \$000	30-Jun-24 \$000
285,225,261 fully paid ordinary shares (30 June 2024: 284,610,360 fully paid ordinary shares)	258,462	258,112
	<u>258,462</u>	<u>258,112</u>

(a) Ordinary Shares

	Group 31-Dec-24	
	No.	\$'000
At the beginning of the reporting period	284,610,360	258,112
Shares issued during the year	614,901	350
At the end of the reporting period	<u>285,225,261</u>	<u>258,462</u>

On 2 September 2024, DGL completed the acquisition of Enlog Pacific Holdings Pty Ltd. As part settlement, 614,901 fully paid ordinary shares at \$0.57 per share were issued.

(b) Dividends

No dividends have been paid, declared, or recommended for payment during the reporting period.

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Note 14 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 Solutions 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.

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.

(a) 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2024



Note 14 Operating Segments (continued)

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.

(b) 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.

(c) 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.

Segment performance

	Environmental Services	Chemical Manufacturing	Logistics	Corporate Costs	Eliminations	Total
Half year ended 31 December 2024	\$000	\$000	\$000	\$000	\$000	\$000
REVENUE						
External sales	37,891	132,885	68,325	12	-	239,113
Inter-company revenue	2,803	7,784	13,009	1,048	(24,644)	-
Total segment revenue	40,694	140,669	81,334	1,061	(24,644)	239,113
Underlying EBITDA	2,205	20,299	11,685	(6,637)	(1,523)	26,030
Depreciation & amortisation	(2,431)	(6,364)	(8,405)	(464)	1,486	(16,178)
Underlying EBIT	(226)	13,935	3,280	(7,101)	(37)	9,852

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

Finance costs						(5,882)
Acquisition costs						(216)
Restructuring						(248)
Software Development						(512)
Impairment loss on asset held for sale						(700)
ROU depreciation for doubled up sites pending relocation						(580)
Write off intangible assets						(1,690)
Net profit before tax from continuing operations						25

	Environmental Solutions	Chemical Manufacturing	Logistics	Corporate Costs	Eliminations	Total
Half year ended 31 December 2023	\$000	\$000	\$000	\$000	\$000	\$000
REVENUE						
External sales	49,973	112,274	54,373	352	-	216,972
Inter-company revenue	831	10,366	13,067	3,630	(27,894)	-
Total segment revenue	50,804	122,640	67,440	3,982	(27,894)	216,972
Underlying EBITDA	4,679	18,875	12,780	(4,942)	(1,002)	30,390
Depreciation & amortisation	(1,996)	(5,044)	(7,694)	(567)	1,334	(13,967)
Underlying EBIT	2,683	13,831	5,086	(5,509)	332	16,423

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

Finance costs						(5,108)
Acquisition costs						(1,517)
Non-capitalisable ERP development						(616)
Net profit before tax from continuing operations						9,182

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Note 15 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.

The Company is in the final stages of entering into an agreement for the purchase of 1/36-38 Collier Street, Griffith, NSW 2680. The purchase price for the property is \$1,650,000 and the agreement is expected to be executed in March 2025.

Note 16 Related Party Transactions
Related Parties
(a) The Group's main related parties are as follows:
i. Key Management Personnel:

The Board, the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Executive Managers who have authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

ii. Other Related Parties

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

(b) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	Group	
	31-Dec-24	31-Dec-23
	\$	\$
i. Transactions with Simon Henry & his controlled entities		
Administration revenue charged to Simon Henry and his controlled entities	39,372	74,278
Rental and related expenses charged by Simon Henry and his controlled entities	(12,830)	(118,431)
ii. Transactions with other related parties		
Company secretarial fees, reimbursement of expenses and professional fees paid to DW Accounting & Advisory Pty Ltd, of which Mr Andrew Draffin is a director and shareholder. DW Accounting & Advisory Pty Ltd is a shareholder of DGL Group Limited. Andrew Draffin ceased to be Company Secretary of DGL Group Ltd on 8 August 2024.	(85,335)	(157,446)
Cleaning services provided by D&A Enterprise in which a close relative of KMP, Aaron Bardell (resigned 12 August 2024), has an interest	-	(2,454)
Rental and related expenses charged by entities that Mr Robert Sushames or his close family members have an interest in.	(599,856)	(561,045)

All transactions noted above have been carried out on an arms-length basis.

Note 17 Business Combinations
Summary of Business Combinations during the period

During the financial period, the Group acquired 100% of the shares of 2 companies. A summary of the combinations are as follows:

	Fair Value \$'000
Purchase consideration	
- Cash	7,543
- Ordinary shares	350
	<u>7,893</u>
Less:	
- Cash and cash equivalents	584
- Intangibles	68
- Other assets	372
- Property, plant and equipment	1,206
- Trade and other receivables	1,302
- Provisions	(949)
- Trade and other payables	(1,202)
- Current tax assets	37
- Deferred tax assets	61
Identifiable assets acquired and liabilities assumed	<u>1,479</u>
Goodwill accounted for	<u>6,414</u>
Goodwill made up of:	
Goodwill provisionally accounted for	<u>6,414</u>

(a) Acquisition of Australian Petro Chemicals Storage Pty Ltd

On 1 October 2024, DGL Manufacturing purchased 100% of the shares of Australian Petro Chemical Storage Pty Ltd, a privately owned operator of a major hazardous facility on a licensed storage site at Ingleburn, NSW.

The total acquisition price was \$5,500,000 which was settled by cash.

	Fair Value \$'000
Purchase consideration	
- Cash	5,500
	<u>5,500</u>
Less:	
- Property, plant and equipment	922
- Trade and other receivables	561
- Cash and cash equivalents	365
- Trade and other payables	(301)
- Current tax assets	37
- Deferred tax assets	61
- Provisions	(243)
Identifiable assets acquired & liabilities assumed	<u>1,402</u>
Goodwill provisionally accounted for	<u>4,098</u>

DGL GROUP LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2024**Note 17 Business Combinations (continued)****(b) Acquisition of Enlog**

On 1 August 2024, DGL Warehousing & Distribution purchased 100% of the shares of Enlog Pacific Holdings Pty Ltd, a specialist logistics business covering highly regulated materials and industrial services, subject to regulatory approvals.

The total acquisition price was \$2,392,702, of which \$2,042,702 was settled by cash and \$350,000 was settled via the issue of fully paid ordinary shares..

	Fair Value \$'000
Purchase consideration	
- Cash	2,043
- Ordinary shares (i)	350
	<u>2,393</u>
Less:	
- Cash and cash equivalents	219
- Intangibles	68
- Other assets	372
- Property, plant and equipment	284
- Trade and other receivables	741
- Provisions	(706)
- Trade and other payables	(901)
Identifiable assets acquired & liabilities assumed	<u>77</u>
Goodwill provisionally accounted for	<u>2,316</u>

(i) The consideration paid to acquire 100% of the share capital of Enlog Pacific Holdings Pty Ltd includes 614,901 fully paid ordinary shares issued in the Group. The number of shares issued in the Group has been determined based on the current market price of the shares at the date of acquisition.

Note 18 Capital Commitment

The table below reflects the capital commitments the Group had entered into as at 31 December 2024

	Group	
	31-Dec-24 \$000	30-Jun-24 \$000
Acquisition of 100% shares in Enlog Pacific Holdings Pty Ltd		
- cash consideration	-	2,000
- shares consideration	-	350
		<u>2,350</u>
Land and buildings acquired as part of Katanning acquisition	-	851
Fitout of premises	1,828	-
Purchase of Property, Plant & Equipment	2,008	-
	<u>3,836</u>	<u>3,201</u>

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DGL GROUP LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2024



Note 19 Company Details

The registered office of the company is:

DGL Group Limited
Level 1, Suite 2, 80 George Street
Parramatta, New South Wales 2150

The principal places of business are:

DGL Warehousing and Distribution
739 Progress Road
Wacol, QLD 4076
Brisbane, Australia

DGL Environmental Solutions
201 Five Islands Road
Unanderra NSW 2526
Wollongong, Australia

DGL Chemical Manufacturing
120 Fulton Drive
Derrimut VIC 3026
Melbourne, Australia

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DGL GROUP LIMITED AND CONTROLLED ENTITIES
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DIRECTORS' DECLARATION



In accordance with a resolution of the directors of DGL Group Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 4 to 22, are in accordance with the Corporations Act 2001 including:
 - (a) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the financial position as at 31 December 2024 and of the performance for the period ended on that date of the consolidated group; and
2. In the directors' opinion there are reasonable grounds to believe that DGL Group will be able to pay its debts as and when they become due and payable.

A handwritten signature in black ink, appearing to read 'Tim Hosking', with a small dot to the right.

Tim Hosking
Chairman
27 February 2025

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DGL GROUP LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of DGL Group Limited (the Company) and its subsidiaries (collectively, the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2024, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of DGL Group Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Regulations 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads 'PKF'.

PKF
Melbourne, 27 February 2025

A handwritten signature in black ink that reads 'K. Weldin'.

Kenneth Weldin
Partner

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