

ASX ANNOUNCEMENT (ASX: DGL)

29 August 2025

DGL FY25 Results

DGL Group Limited (ASX:DGL), ("DGL" or the "Company"), a leading provider of chemical logistics and services to essential industries in Australia and New Zealand and beyond, today announced its financial results for the full year ended 30 June 2025 ("FY25").

Key Financial Highlights:

Sales revenue of \$481.5 million, 3% higher than FY24

Underlying EBITDA¹ of \$52.1 million, down 19% on FY24

Strong underlying operating cashflow conversion of 110%

Free Cash Flow from Operations \$44.7m up 20% vs FY24

Statutory net loss after tax of \$24.6 million (FY24: net profit after tax of 14.3m)

Strong balance sheet with net assets of \$341.4 million (FY24: \$342.2m)

Continued investment in organic growth and selective strategic acquisitions in FY25

Commenting on the performance, DGL Founder and CEO, Simon Henry, said:

"As indicated at our half year results, 2025 is a transitional year for DGL Group, and it has been a mixed year in terms of financial performance. We have continued to develop the Groups' capacity and reach, but our earnings were below expectations and below where we want them to be, and we are taking actions to correct our financial performance.

We delivered a strong result in Manufacturing and in Logistics, but our Environmental division was impacted by heightened competition for used lead acid batteries, leading to losses last year. We have restructured the division to address this impact.

The Group has completed 30 business and asset acquisitions in the last five years which added significant capacity and capabilities to the group allowing us to offer a compelling and complete service to our customers. While a significant amount of operational integration has occurred, we've recognised the necessity to focus on more fully integrating our diverse operations to reduce costs and improve productivity. This has been a key priority in FY25."

FY25 Group Revenue and EBITDA

Total revenue increased 3.3% to \$481.5m in FY25, with gross margins improving 1.7% to \$203.9m. Revenue and margins were driven by a strong performance in Manufacturing, increased Logistics revenues and contribution from acquisitions. DGL's cash flow from operations was strong, generating \$44.7m in FY25, up 20% on FY24. Operating cash conversion was also strong at 110%.

¹ Underlying EBITDA adjusts for non-recurring costs including asset write downs, goodwill impairment, restructuring costs, ERP implementation costs and doubled up costs on site relocations for the year ended 30 June 2025.

Group earnings were impacted by increased competition and pricing for used lead acid batteries, resulting in significant losses in that segment, as well as continued normalising in pricing for Adblue automotive products and external factors reducing demand in the mining sector.

As a result, underlying EBITDA in FY25 was \$52.1m down 19.4% on FY24. Underlying earnings were also impacted by higher costs from growth in headcount and wage inflation, higher occupancy costs and increased finance and depreciation costs as DGL continued to invest for growth.

In response, DGL discontinued lead battery recycling at its Laverton, Victoria facility, with all future ULAB recycling operations consolidated at DGL's Unanderra, NSW facility. DGL also rationalised employee and overhead expenses at Unanderra during H2 FY25, to align costs with incoming battery volumes and improve profitability and cash flow.

The restructure costs and other impacts resulted in an underlying statutory net loss after tax of \$24.6m in FY25 after the impact of \$28.1m of one-off items. The statutory loss after tax includes significant non-recurring items including the non-cash write-down of purchased goodwill, write-downs of plant and equipment, software write-offs and restructuring costs.

DGL expects to complete the integration of 30 businesses and asset acquisitions in FY26 with the implementation of new group ERP & Finance, Logistics Management and HR & Payroll systems. These will replace over 30 stand-alone systems, leading to cost savings, productivity gains, better management information and improved customer service in FY26.

We expect to further optimise the Group's owned and leased property portfolio, continuing our move from outdated, less efficient premises to larger, more productive facilities. This resulted in the sale of non-core properties in FY25 with additional properties sold, and held for sale in FY26.

DGL reduced debt during FY25 resulting in a net debt position that remains at comfortable levels of \$94.6m as at 30 June 2025 (1.82 times net debt / underlying EBITDA).

Outlook

DGL expects improved results in FY26 through the integration of acquisitions made since listing, the closure of our lossmaking lead recycling activities in Victoria, and the introduction of new manufacturing and processing capacity. We expect to see the benefits of extensive investments in group systems, optimisation of premises and facilities, reduced debt, integration benefits, cost reduction initiatives, and from increased contributions from recent capital investment.

DGL is on track to complete an important transition in FY26, from an amalgam of specialised chemical and logistics businesses to an integrated and coordinated industrial group delivering specialised services to our broad customer base more efficiently and more productively.

Macroeconomic uncertainties will continue in FY26, but we have confidence that the diverse nature of our operations and the critical role we play in serving our customers will see DGL grow and create value for our shareholders and other stakeholders.

- ENDS -

Approved for release by the Board of DGL.

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ABOUT DGL GROUP LIMITED

DGL Group ("DGL") is a leading provider of chemicals, material and services to essential industries in Australia and New Zealand. DGL's focus is on regulated chemical markets in Australia and New Zealand, where licences and accreditations are required to operate, for the safe and secure manufacture, storage and supply of chemicals and other materials. DGL is pursuing a strategy to invest for growth, expanding its capabilities and scale to appeal to a wider customer base.

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