

ASX RELEASE

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DGL Group Business Update

DGL Group Limited (ASX:DGL), (DGL or the Company) provides the following business update for FY25.

FY25 Outlook

Despite some general weakness in industrial conditions in Australia and New Zealand, and softer performance in our lead acid battery recycling and AdBlue operations, we are generally seeing solid demand for our products and services across our network.

Unaudited revenue for the second half of FY25 is projected to be broadly in-line with the first half of FY25, with full year FY25 revenue expected to be slightly higher than FY24. While underlying EBITDA in the second half of FY25 is anticipated to be 5% - 10% higher than the first half, full year FY25 EBITDA is expected to be 15% - 20% lower than FY24.

Underlying profitability has improved in the current half, and net profit after tax in the second half of FY25 is expected to be significantly higher than in the first half. However full year underlying NPAT is expected to be 55% - 65% lower than FY24. These outlook estimates are based on unaudited financials and are subject to audit adjustments and exclude non-recurring items.

The lower EBITDA and net profit in the current year have been driven primarily by higher employee, premises and depreciation costs. The Company is well progressed on taking the necessary steps to realign its cost base and improve productivity to return DGL to a positive growth trajectory. The benefits of actions being taken have started to emerge in the improved earnings in second half of FY25. Some of the key areas of focus are described further below.

FY25 Business Update

DGL's overall trading performance has improved in the second half of FY25 compared to the first half. There continues to be solid demand for the breadth of specialised services that DGL provides to industry in Australia, New Zealand and internationally for the supply and management of essential chemical products and services.

DGL has continued its intense focus on consolidation and integration of recent acquisitions, implementation of group-wide management and financial systems, and driving growth from better utilisation of the latent capabilities that the group has developed and acquired.

CEO Simon Henry said: "*FY25 is an important year for DGL as we continue to transform the business. We are committed to delivering significant operational improvements this calendar year through integrating our acquisitions, introducing efficient group-wide systems, and enhancing productivity to improve profitability and drive organic growth. We are determined to achieve our objectives of accelerating growth and driving improved earnings.*"

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Manufacturing

DGL's manufacturing operations are performing well year-to-date, with chemical formulation, particularly in the crop protection and automotive sectors, trading above expectations.

Profitability in our AdBlue business has declined as margins have normalised following the market disruptions in recent years, and due to increased competition. To address these margin pressures, we have combined our Adblue production with our crop protection production operations in Victoria, and in Western Australia and we have incorporated other production into our Adblue manufacturing plant to reduce unit production costs.

Logistics

Chemical warehousing and transport are trading broadly in line with first half performance, although the profit contribution continues to be impacted by the cost of relocation from outdated and inefficient premises to larger more productive facilities in NSW and Victoria. These relocation and transition costs will phase out early in the next half, with the benefits of this investment emerging in FY26. We plan to relocate out of two warehouses in South Australia and Western Australia over the coming months as a further cost reduction measure. We will continue to consolidate to improve efficiency where opportunities allow.

Environmental

The Environmental division has continued to perform poorly in the current half, due to more intense competition that has increased the cost of acquiring used lead acid batteries, in some cases to more than the value of the contained commodities. As a result, we have ceased operating our lead acid battery recycling plant in Laverton, Victoria, which will reduce costs in FY26. We will continue to recycle batteries at our recycling plant in Unanderra, NSW, which has capacity to recycle 36,000 tons per annum of used lead acid batteries. Our packaged and liquid waste treatment services are performing broadly in line with expectations.

We have made significant progress to obtain the final licenses and approvals required to complete the development of our major liquid waste treatment plant at Unanderra, NSW. This follows a multi-year process requiring approvals from numerous environmental, safety and fire authorities. On completion, the new plant will have the capacity to process and safely discharge more than 240 million litres of treated liquids per annum. We expect to complete construction of the remaining components of the plant over the coming months, with liquid waste treatment expected to commence in late H1 FY26.

Systems & Infrastructure

DGL has acquired 30 businesses since the Company's IPO in 2021. Most of these businesses have continued to operate on standalone accounting, payroll and other systems. DGL is undertaking a major systems transition during 2025 with the installation of new group-wide systems covering ERP & Finance, Logistics Management and HR & Payroll which are progressing on track. The system installations require significant investment and management time, but the benefits will be substantial. By the end of this calendar year the group expects to close more than 30 standalone systems, delivering cost savings as well as significant improvements in customer service, productivity and efficiency.

DGL has acquired and developed an extensive network of operating sites in Australia and New

Zealand that are valuable assets of the business. During FY25 the group has been focused on consolidating its operating and administrative sites to move from outdated and inefficient premises to larger more modern sites to improve productivity, extract economies of scale and reduce administration costs. This includes investment in underutilised sites in Victoria, New South Wales, Queensland and New Zealand. We are closing our Auckland and Christchurch offices with staff relocating to operating facilities, and in future, all administration will be managed from our service centre in Parramatta.

The site consolidations, relocations, system enhancements and capacity investments have increased costs in the current financial year, with the benefits expected to emerge in FY26.

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Approved for release by the Board of DGL Group

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ABOUT DGL GROUP LIMITED

DGL Group Limited (ASX: DGL) is an established, founder-led, end-to-end chemicals business that provides a complete solution for the sourcing, manufacturing, storage and transport, recycling, and disposal of chemicals and hazardous waste. DGL operates a comprehensive network to deliver a broad range of specialised chemical services to essential industries across Australia, New Zealand and internationally.

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