

ASX RELEASE

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DGL acquires contract formulator and packaging business, Opal Australasia

Auckland, New Zealand - DGL Group Limited (ASX:DGL) (NZX:DGC), ("**DGL**" or the "**Company**"), a specialist chemicals business that manufactures, transports, stores and processes chemicals and hazardous waste, today announced the strategic acquisition of Opal Australasia ("Opal") for \$8.6 million.

Opal is a specialist contract formulator and packaging business based in the Kwinana Industrial Area, one of Western Australia's most important strategic industrial areas. The company has been operating profitably for nearly 20 years, and is one of only two independent agricultural chemical toll manufacturing companies in WA. The acquisition will provide DGL with access to a suite of agricultural customers on Australia's west coast and increase DGL's manufacturing capacity to in excess of 150,000 tonnes p.a.

The acquisition price of \$8.6 million, includes property valued at approximately \$4.3 million, and represents a valuation of 5.1x LTM earnings. The acquisition will be funded by both cash and shares, with the share component valued at \$1.9 million.

Founder and CEO of DGL, Simon Henry, said: "Opal brings to our business a substantial foothold in the Western Australian market. It means we can now adequately service Western Australia's grain industry, the largest agricultural sector in the state, which also represents around 40 percent of Australia's grain exports.

"Through this acquisition, we will have Australia's agriculture market covered, and with a presence on both the east and west coast of Australia, it will provide a natural hedge on varying drought cycles."

Opal currently services the majority of major chemical suppliers in the agricultural industry in WA, providing them with a range of specialised product and formulation development services. The business comes with an extensive suite of licences and approvals, as well as unique product intellectual property, which will be integrated into DGL's existing logistics and assets to increase efficiencies and bring greater utilisation and scale to the manufacturing division.

In commenting on the Group's strategy, Mr Henry added: "Acquiring one of the leading formulators in Western Australia is completely aligned to our group strategy to operate from a broad and strategic network of sites across Australia and New Zealand. It will give us the

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client base and additional capabilities to deploy our extensive suite of licenses and accreditations in the area, and bring our capabilities and skills from the east coast to the west.

“The acquisition will also add quality property to our existing, substantial, footprint as we continue to focus on investing for the long-term, while strengthening our balance sheet. Our geographic coverage enables us to service national and trans-Tasman customers in a highly effective manner, avoiding the need for customers to engage multiple service providers.”

The Kwinana Industrial Area is a specialist centre for chemical and resource-based processing industries, with close proximity to Fremantle Port’s deep-water bulk materials facilities and associated road and rail and networks. It’s a strategic location for DGL to service key agricultural customers.

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Approved for release by the Board of DGL.

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ABOUT DGL GROUP LIMITED

DGL is a well-established, founder-led, end to end chemicals business that manufactures, transports, stores and manages the processing of chemicals and hazardous waste. The Company operates a network of 26 sites, both owned and leased, across Australia and New Zealand. The Company has a strong track record of revenue and earnings growth. Total pro-form revenue was \$180.1 million in FY20 and is forecast to increase to \$209.7 million in FY22.