

DGL Group Limited

2024 Annual Report

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DGL

***DGL is a leading provider of
chemicals, materials and services
to essential industries in Australia
and New Zealand***

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About DGL

DGL solves problems for customers by providing formulation and manufacturing for a range of potentially hazardous and reactive chemicals, the warehousing & distribution of these chemicals within a highly licensed transport and warehouse network, and the disposal or recycling required to safely manage the full life cycle of these products.

DGL is continuing to build a diverse business delivering vital chemical and industrial solutions to a broad range of industries in Australia, New Zealand and Internationally. DGL has infrastructure and capabilities built over 25 years, coupled with the expertise to offer a range of specialised services brought together on one platform. No other provider combines chemical logistics, formulation and packaging, secure warehousing services, and waste treatment of complex chemicals and dangerous goods like DGL.

Driven by our respect for quality and commitment to safety, DGL strives for continuous process improvement and develops the expertise of our employees through education and training.



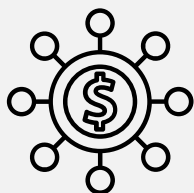
Financial Highlights



FY24 Revenue

\$466.1m

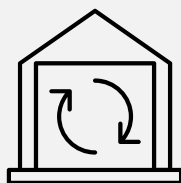
in line with pcp



FY24 Underlying EBITDA

\$64.6m

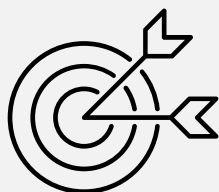
in line with pcp



FY24 Cash flow from Operations

\$37.3m

FY23 \$59.3m, -37% vs pcp



FY24 NPAT

\$14.3m

FY23 \$17.4m, -18% vs pcp

Chairman and CEO Letter

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 third year as an ASX listed company.

DGL has grown to become a leader in its sector; a resilient business that is 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.

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 \$64.6m down 1% on FY23. Net profit after tax of \$14.3m was down 18% on FY23 after adjustment for (non-cash) deferred tax liabilities in FY23.

Gross margins increased 6% 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 which require specialised licences and accreditations 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 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 fostered 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.

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 and 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 that 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 a 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

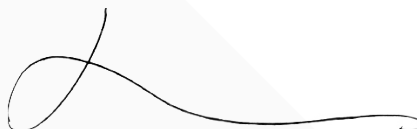
Our company is well positioned as we enter FY25, with a strong financial position and a positive outlook for the current year.

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

Operating and Financial Review



Operating and Financial Review

History

DGL Group was established in 1999 by current CEO and Founder, Simon Henry. MrHenry'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 specialized 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 licenses 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, a complete service to customers.
- The total basic chemical and chemical products manufacturing sector in Australia and New Zealand is projected to grow to circa \$41 billion by 2026.

(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 licenses 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.
- The integrated general logistics (excluding postal and courier services) service market in Australia and New Zealand is projected to grow to circa \$112 billion by 2026. Within this market, it is estimated that dangerous goods logistics will account for approximately \$1.2 billion by 2026.

(c) Hazardous waste management 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. These waste streams are closely aligned and allow for the repurposing of key materials to reduce waste and enable reuse.
- Hazardous waste comprises approximately 10% of the total \$15 billion waste management industry and are classified as wastes deemed to be potentially harmful to human health or the environment.

Review of Operations

The Group comprises three operating segments: Chemical Manufacturing, Logistics, and Environmental Services. 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 \$42 million in FY23 to \$45 million in FY24 due to lower raw material prices, improved product mix and economies of scale. Underlying EBIT improved from \$33 million in FY23 to \$35 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.

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.

Overview of acquisitions

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.

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 Services 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 million in FY23 to \$138 million in FY24 (includes intercompany transactions). The statutory logistics segment underlying EBITDA increased from \$20.5 million in FY23 to \$23.9 million in FY24 (includes intercompany transactions). Due to increased depreciation and amortisation, underlying EBIT decreased from \$8.3 million in FY23 to \$7.4 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.

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 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 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 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 million in FY23 to \$100 million in FY24 (includes intercompany transactions). The statutory Environmental Services EBITDA result decreased from \$12.4 million in FY23 to \$8.1 million in FY24, corresponding to a decrease in underlying EBIT from \$9.3 million in FY23 to \$3.9 million in FY24.

DGL's water treatment segment had a mixed result in FY24. Further penetration into the municipal water treatment market was offset by reduced demand in parts of 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 its 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 Services 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.

Group Operating Results

The consolidated profit of the Group after providing for income tax amounted to \$14.3 million (2023 Restated: \$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 \$15.7 million (2023: \$20.7 million).

Revenue for the year ended 30 June 2024 was \$465 million (2023: \$466 million). Gross margin saw a significant improvement at 43% (2023: 37%).

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.

\$ millions	FY24	FY23 Restated	Variance	Variance %
Revenue ¹	465.1	466.0	(0.9)	(0.2%)
Cost of sales	(264.7)	(293.8)	29.1	(9.9%)
Gross Margin	200.4	172.2	28.2	16.4%
Gross Margin %	43.1%	37.0%	6.1%	16.6%
Other income	3.5	2.6	0.9	33.1%
Expenses	(139.3)	(110.8)	(28.5)	25.8%
Underlying EBITDA	64.6	64.1	(0.6)	(0.9%)
Underlying EBITDA %	13.9%	13.7%	(0.0)	(1.1%)
Depreciation & Amortisation	(30.3)	(22.4)	(7.9)	35.2%
Underlying EBIT	34.4	41.7	(7.3)	(17.4%)
Net finance costs	(11.5)	(7.6)	(3.9)	51.2%
Underlying Profit before tax	22.9	34.0	(11.2)	(32.8%)
Tax expense ²	(7.1)	(13.4)	6.2	(46.7%)
Underlying NPAT	15.7	20.7	(4.9)	(23.9%)
Non recurring items	(1.4)	(3.3)	1.9	(58.2%)
Statutory NPAT	14.3	17.4	(3.0)	(17.5%)

¹ Excludes rental income, included at 'Other income'

² FY23 tax expense restated due to finalisation of tax fixed asset registers relating to acquisitions through FY23

Financial Position

The net assets of the Group have increased by \$13.6 million from \$328.6 million as at 30 June 2023 to \$342.2 million as at 30 June 2024.

Current assets of DGL Group have increased by \$19.8 million from \$135.5 million as at 30 June 2023 to \$155.3 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 \$9.7 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 \$605.9 million, an increase of \$36.0 million. Along with the movements in current assets, intangibles have 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 \$13.7 million from \$246.4 million to \$260.1 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.

Balance Sheet

\$ millions	FY24	FY23 Restated	Variance	Variance %
Cash	19.6	36.9	(17.3)	(46.8%)
Receivables	66.4	52.4	14.0	26.7%
Inventory	39.5	37.4	2.1	5.5%
Asset held for sale	20.6	-	20.6	nm
Other assets	9.1	8.6	0.4	5.1%
Current Assets	155.3	135.5	19.8	14.6%
Property, plant & equipment	260.1	246.4	13.7	5.6%
Intangibles	145.6	144.1	1.5	1.0%
Right of use assets	45.0	43.9	1.1	2.5%
Non current assets	450.6	434.4	16.2	3.7%
Total assets	605.9	569.8	36.0	6.3%
Payables	43.2	33.5	9.7	29.1%
Provisions	9.6	9.5	0.1	0.8%
Borrowings	3.7	6.4	(2.8)	(43.0%)
Current tax liabilities	6.5	4.0	2.5	63.2%
Right of use liabilities	14.5	14.2	0.3	1.8%
Other liabilities	4.8	-	4.8	Nm
Current liabilities	82.2	67.6	14.6	21.6%
Deferred tax	16.4	18.4	(2.0)	(11.0%)
Provisions	1.1	1.7	(0.5)	(33.1%)
Borrowings	129.8	121.5	8.3	6.8%
Right of use liabilities	33.0	32.0	0.9	2.9%
Other liabilities	1.2	-	1.2	Nm
Non Current liabilities	181.5	173.7	7.8	4.5%
Total liabilities	263.7	241.3	22.4	9.3%
Net assets	342.2	328.6	13.6	4.1%
Share capital	258.1	258.4	(0.3)	(0.1%)
Retained earnings	92.2	77.8	14.3	18.4%
Reserves	(8.1)	(7.6)	(0.5)	6.0%
Total equity	342.2	328.6	13.6	4.1%

Group Cash Flows

Operating cash flows were lower by \$22.0 million offset by \$28.2 million less cash used in investing activities. Investing cash outflows of \$41.8m are comprised of capex items (additional fleet assets, strategic land and buildings in Narangba and Maddington) as well as acquisition outflows relating to the 5 acquisitions completed during FY24. Proceeds from borrowings and short-term financing activities decreased by \$35.0 million compared to 30 June 2023. Total cash & cash equivalents were consequently \$17 million lower compared to 30 June 2023. Operating cash conversion remains strong at 86%.

\$ millions	FY24	FY23	Variance	Variance %
Operating cash flows	37.3	59.3	(22.0)	(37.0%)
Investing cash flows	(41.8)	(70.0)	28.2	(40.4%)
Financing cash flows	(12.9)	22.1	(35.0)	(158.5%)
Net cash flow	(17.3)	11.4	(28.7)	(251.7%)

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 to declare or 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 was moved in-house with Hanna Posa, DGL's General Counsel.

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 completed on 1 August 2024.

Non-IFRS measures used in this OFR as follows:

Term	Definition
Gross Margin	Sales revenue less cost of sales
Gross Margin %	Gross margin as a percentage of sales revenue
Underlying EBITDA	Underlying Earnings Before Interest, Tax, Depreciation & Amortisation
Underlying EBITDA %	Underlying Earnings Before Interest, Tax, Depreciation & Amortisation as a percentage of sales revenue
Underlying EBIT	Underlying Earnings Before Interest & Tax
Underlying EBIT %	Underlying Earnings Before Interest & Tax as a percentage of sales revenue
Underlying PBT	Underlying Profit Before Tax
Underlying NPAT	Underlying Net Profit After Tax
Statutory NPAT	Statutory Net Profit After Tax
Working Capital	The net of trade receivables, trade payables and inventory
Net Debt	The net of current and non current borrowings and cash
Capex	Capital expenditure
Operating Cash Conversion	Operating cash flow excluding interest and tax divided by Underlying EBITDA adjusted for non cash items

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 had 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.

Key Business Risks

1. Risk Management Policy

DGL's Board and management recognise risk management as an integral aspect of all of the Group's business operations. Risk Management is the responsibility and duty of all staff at DGL. The process of identifying, reporting and managing risk remains at the core of all processes to ensure that DGL achieves its strategic goals and objectives in pursuit of its vision.

Strategic context

DGL's vision is to build a diverse international business capable of delivering a wide range of industrial solutions across the chemical industry. In doing so, we are continuously looking for ways to encourage business process improvement, identify challenges, determine key solutions and measure the results.

Risk Management is an important tool to create and protect value, thereby helping to improve performance, encourage innovation and support the achievement of DGL's vision. It is therefore important that our core values are kept front of mind when day-to-day tasks are undertaken at DGL, across all the Logistics, Chemical Manufacturing and Environmental Solutions segments.

Management across the three segments have highlighted that the key objectives of the Group are:

- To provide a safe working environment for employees and stakeholders
- To adhere to environmental best practice and regulated guidelines
- To achieve sustainable growth and be a market leader
- To boost efficiency and collaboration as an integrated team; and
- To deliver innovative and value-added solutions to our customers

Purpose

The purpose of the Risk Management Policy is to provide guidance to all stakeholders in identifying, reporting, and managing risk. It is important that we promote a culture of risk awareness among staff to understand, assume responsibilities and proactively manage risks. Everyone at DGL is empowered to identify risk and have the tools available to be able to bring these to the attention of management and the Board. This helps to increase the confidence that any identified risks associated with the key decisions made are managed in a way that achieves our desired outcomes.

This Risk Management Policy is designed to:

- Define clear roles and responsibilities for staff, management, the Audit & Risk Committee and the Board
- Follow a structured risk management approach with decision-making and reporting lines
- Establish a comprehensive risk management framework based on DGL's risk appetite

This policy is supported by the Risk Management Framework guided by ISO 31000:2018 Risk Management – Guidelines

Risk Appetite

The Board is ultimately responsible for DGL's Risk Management Framework. It has considered the nature and extent of risks it is willing to take in pursuit of DGL's strategic objectives and vision. The Board has assessed DGL's risk appetite, which is set at a level that balances opportunities for business development and growth in areas of potentially higher risk, whilst maintaining the continuity of DGL's operations, reputation and stakeholder satisfaction.

DGL's overall risk appetite profile represents a balanced perspective on the management of risk. It takes into account both the value protection and value creation elements of risk and demonstrates the level of risk DGL is willing to accept across nine categories.

Risk Appetite Statements

Through consultation and collaboration within the Group, it was identified that the categories below represent the areas of key risk to DGL. For this reason, it is important that DGL articulates its appetite for risk across each of the categories to enable better risk-informed decision-making as DGL pursues its objectives. This document considers DGL's appetite for risk across the following categories:

- **Health, Safety & Wellbeing:** worker health and safety; public safety
- **Hazardous Materials and Processes:** DGL operates in highly regulated Chemical related fields, with hazards that are identified, assessed and managed
- **Strategic:** responsiveness to industry and technology changes; entering new markets; expanding existing services; mergers and acquisitions
- **Financial:** returns to shareholders and long-term financial sustainability; cash flow and financial management; balance sheet strength
- **Operations & Infrastructure:** efficient, commercial and resilient internal processes; asset integrity and reliability; business continuity management
- **Competition & Markets:** customer engagement; pricing; growth and service offering; monitoring competitor actions
- **Legal, Regulatory & Compliance:** legal and compliance management
- **People & Culture:** talent and culture management; fraud and ethical conduct; employee engagement and change management; supplier management
- **Reputation & Ethics:** trust of our customers shareholders and other stakeholders to operate
- **Environmental:** probability and consequence of an adverse environmental event

2. Risk Management Framework

DGL's risk management methodology is outlined in 5 key steps:

Step 1: Scope, Context and Criteria – It is important to start with a clear understanding of what we are trying to achieve and the current operating environment. This will help to identify risks that stand in the way of achieving our objectives, assist in defining the scope and purpose of the risk assessment and who is the right person to determine the risk rating criteria for the assessment of risks. The context of the risk management process should be established by considering internal and external factors, in conjunction with the organisation's objectives, plans, projects, processes and activities.

Step 2: Risk Assessment – Consider the threats and uncertainties (the risks) associated with achieving our objectives. Identifying risks should be part of our day-to-day operations as well as conducted systematically. This is an iterative and collaborative process, drawing on the knowledge and views of various stakeholders.

Step 3: Risk Treatment – This refers to the process of selecting and implementing control measures to address the risk identified. Risk treatment is based on the assessment of the residual risk and its corresponding control effectiveness.

Step 4: Recording and Reporting – DGL uses a Risk Register to record and maintain its risks, controls and treatments. Risks should follow the organisational escalation process, and a review from multiple stakeholders is undertaken.

Step 5: Monitor and Review - The purpose of monitoring and review is to assure and improve the quality and effectiveness of process design, implementation and outcomes. Monitoring and review should take place in all stages of the process. Monitoring and review includes planning, gathering and analysing information, recording results and providing feedback.

To ensure ongoing overview of the Risk Management process, risk reviews are part of standing meetings at the Group Safety Committee, Risk Register Meeting, Audit & Risk Committee and Board meetings. These meetings at various frequencies throughout the year, aimed at identifying current business performance and notable changes to operating conditions, escalating these through to update and action risk management for the group. At least twice a year, the Audit & Risk Committee does a deep dive / detailed review on a key risk to ensure a good understanding of the key risks and how they are managed.

3. Business Assurance Plan

Based on discussions between external advisers and management, the ARC have approved a business assurance plan for the next three years, with FY25 reviews already underway or planned. As noted above, business performance forms a part of this process and a timeline of risk assessments, risk treatment, recording, reporting and monitoring is now in place, with continued development to ensure the management of risk at DGL continues to be effective.

Corporate Responsibility

Corporate Responsibility at DGL is about conducting business responsibly. This encompasses DGL's Workplace, Certifications & Accreditations, Environment and Community.

Workplace

At DGL group, we recognise that our greatest asset is our people. They are the core of our organisation, driving innovation, fostering growth, and embodying our core values. DGL focuses on the importance of our employees and our commitment to their success, wellbeing, and professional development.

DGL is committed to fostering a healthy, safe, compliant and ethical workplace that supports the retention of our talented people. Providing equal opportunities, free from discrimination, and we will continue to champion diversity and inclusion initiatives that create a sense of belonging for all.

We continue to cultivate a culture of integrity that holds DGL and its employees accountable to the highest compliance and ethical standards. Effective risk management framework and process are important to DGL's ability to operate and to protect the health and safety of our customers, employees and the environmental impact. DGL has implemented comprehensive safety plans, systems and procedures in order to comply with the range of regulations that apply to the sectors in which it operates. DGL's processes include the requirement for our employees to complete compulsory on-the-job training.

Licenses, Accreditations and Certifications

Licence or Accreditation

Chemical Manufacturing

ISO 9001: 2015 quality management system	ensures products and services are consistently maintained at a high level of quality
ISO 14001 Environmental Certification	promotes environmental performance through more efficient use of resources and reduction of waste
ISO 45001 WHS Certification	promotes reduction of occupational injuries and diseases
EPA Environmental Protection Licenses	required under Australian regulations
Dangerous Goods Storage Licenses	required under Australian regulations
VDA AdBlue Brand Certification	ensures products and services are consistently maintained at the high level of quality
Trade Waste Discharge Consents	enables discharge of treated wastewater from site
Australian Pesticides and Veterinary Medicines Authority	Australian law requires veterinary chemical products to be registered by APVMA
Kosher Accreditation	Verifies that the ingredients, production process including all machinery, and/or food-service process complies with the standards of kashrut
UL/NSF Certification	Ensures certified products, materials, components or services complies with the technical requirements of the referenced standard
Poisons Licenses	licence to sell or supply by wholesale schedule 7 Poisons
AgSafe Premises Accreditation	ensures that stores are compliant with all jurisdictional regulations
Australian Organic Certified Operation	licence to supply or direct the application of the Australian Organic trademark
Australian Pesticides and Veterinary Medicines Authority Registrations (APVMA)	The Australian Pesticides and Veterinary Medicines Authority has a defined role as the regulator of agricultural and veterinary chemicals in Australia. APVMA are the independent statutory authority responsible for assessing and registering pesticides and veterinary medicines proposed for supply in Australia.
Hazardous Location Certificate	required under New Zealand regulations to store high risk dangerous goods
MPI Transitional Facility	required under New Zealand regulations to unpack imported sea containers

Logistics

ISO 9001:2015 quality management system	ensures products and services are consistently maintained at a high level of quality
Dangerous Goods Storage Licenses	required under Australian regulations
National Heavy Vehicle Accreditation Scheme	demonstrates compliance with general duty requirements under road transport law
HACCP CODEX: 2003	customers who store food grade products at warehouses require this quality accreditation
Biosecurity Approved	required under Australian regulations to handle quarantined goods
Major Hazard Facility, Upper and Lower tier	required under New Zealand regulations to store high risk dangerous goods
MPI NZ (Storage and handling of dangerous	required under New Zealand regulations to store and handle dangerous goods
Poisons Licenses	required under Australian regulations to store poisonous goods
EPA Waste Management & Transport Licenses	required under Australian regulations to transport waste products
Bulk Dangerous Goods Transport	required under Australian regulations to transport dangerous goods

Environment & Community

The Group's operations are subject to licence requirements issued under the Protection of the Environment Operations Act 1997 (NSW) ("POEO Act") in relation to its business of processing used lead acid battery and industrial residues and manufacturing chemical products including treatment processes, immobilisation of by-products, disposal of effluent streams and transportation of materials that are subject to specific approvals from and close scrutiny by the Commonwealth and State departments.

Adhering to EPA guidelines and other regulations have helped DGL drive innovative, cutting-edge technologies that foster safety across all community levels. Moreover, it has led to improved efficiencies that contribute to cost savings, which we pass on to our partners. This innovation in clean technology and associated efficiencies enables better service, partnership, and outcomes. Proven by our Bronze Ecovadis score in 2023 and our commitment to increasing this. Our approach to corporate social responsibility is authentic, sincere, and focused on delivering continued, positive impacts.

The Group operates in highly regulated industries where there are stringent regulatory and compliance measures in place to ensure safety in operations, and environmental and quality standards. DGL excel in the manufacturing, storage, distribution and disposal of hazardous liquid waste and dangerous goods. As a result, we confidently partner with clients and fulfill our responsibility to facilitate clean land and water for the communities in which we operate and serve.

DGL recognizes it is maturing as it progresses on its corporate responsibility journey. The Board and management are committed through FY25 and beyond to achieving best practice outcomes that will support the robust systems and targeted key measures.

Our Corporate Responsibility approach centres on the following United Nations Sustainability Development Goals:



In our role as an end-to-end supply chain service, with ever-growing reach into critical industries such as agriculture, automotive, transport, manufacturing, home and garden, food, and pharmaceutical, we play a role in managing risks and impacts.

DGL Group is committed to maintaining and improving on our corporate responsibility, encompassing of all business units, evidenced by notable achievements and initiatives.

Audit/Non-Audit Services

Auditors' remuneration is disclosed in Note 7. In addition, PKF Melbourne also provided tax planning and GST advice. Refer to Note 7 for further details. The directors are satisfied that the provision of non-audit services during the year are compatible with the general standard of independence for auditors and did not compromise the independence requirements of the Corporations Act 2001.

Indemnifying Officers or Auditor

During the year, the Group entered into an insurance policy to insure certain officers of the Company and its controlled entities. The officers of the Group covered by the insurance policy include the Directors named in this report.

The Directors' and Officers' Liability Insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of indemnity and that may be brought against the officers in their capacity as officers of the Group or a related body corporate.

The insurance policy does not contain details of the premium paid in respect of individual officers of the Group. Disclosure of the nature of the liability cover and the premium paid is subject to a confidentiality clause under the insurance policy.

The Group has entered into an agreement with the Directors and certain officers to indemnify these individuals against any claims and related expenses which arise as a result of work completed in their respective capabilities.

The Group nor any of its related bodies corporate have provided any insurance for any auditor of the Group or a related body corporate.

Capital Raising and Capital Structure

As at 30 June 2024, the Company has 284,610,360 fully paid ordinary shares. During the year, a total of 245,256 fully paid ordinary shares were issued. Please refer to note 23 for further details.

Summary of Options

There are no options on issue at the date of this report.

Proceedings on Behalf of Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings other than listed below.

The Group currently has no open litigation matters.

Rounding of amounts

The Company is a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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 31.

Directors' Report



DGL

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 financial year ended 30 June 2024.

General Information

Directors

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

Tim Hosking

Chairman and Non-Executive Director

Appointed 31 August 2023

Tim has over 25 years' experience providing strategic, commercial and capital markets advice to public and private companies in Australia, UK and North America. A relationship driven, trusted strategic adviser to boards and executive teams, with extensive experience across a wide range of industries including industrials, technology, biotech and healthcare and financial services. Tim was most recently Managing Director Investment Banking at Canaccord Genuity (Australia), previous roles include Head of Strategy ANZ Institutional Bank, Director JP Morgan Australia, and Head of Strategy AXA Australia. Tim is a graduate member of the Australian Institute of Company Directors and holds a Bachelor of Mechanical Engineering (Hons), and Bachelor of Economics (Accounting) from the University of Adelaide.

Current directorships of other listed companies

N/A

Former directorships of other listed companies (last 3 years)

N/A

Simon Henry

Founder, Executive Director and

Chief Executive Officer

Appointed 22 May 2012

Simon has been the CEO of the Company since 1999. He has over 40 years' experience in industrial property development, logistics, international trading, manufacturing, and production in Australia, New Zealand and Asia-Pacific.

Current directorships of other listed companies

N/A

Former directorships of other listed companies (last 3 years)

N/A

Robert Sushames

Executive Director

Appointed 1 April 2021

Robert has over 25 years experience in manufacturing and the crop protection chemical industry. He has experience in global procurement and commercial management as well as operations of chemical processing plants, contract manufacturing and 3PL Warehousing and Logistics.

Robert's executive role is focused on commercial business development and operational leadership of DGLs crop protection manufacturing segment.

Current directorships of other listed companies

N/A

Former directorships of other listed companies (last 3 years)

N/A

John West
Non-Executive Director
Appointed 31 August 2023

John has over 50 years' experience in the Transport and Logistics Industry and currently serves as Managing Director of John West Logistics Pty Ltd, which specialises in Contract Logistics, running a fleet of 200+ vehicles throughout Australia and New Zealand.

John has and continues to participate in industry bodies and advisory councils including the Australian Trucking Association, the Australian Road Transport Industrial Organisation and National Road Transport association.

John held a seat on the Queensland Rail board for five years and his input continues to be sought from time to time by Government and other advisory bodies or committees.

Current directorships of other listed companies

N/A

Former directorships of other listed companies (last 3 years)

N/A

Peter Lowe
Retired 16 October 2023

Peter has over 30 years' experience in CEO and CFO roles. He is an experienced director who has held numerous non-executive directorships on listed, private and government owned organisations.

Peter is currently the Chair of United Energy Distribution Holdings Pty Ltd, Multinet Group Holdings Pty Ltd, Lochard Energy Pty Ltd and DBNGP Holdings Pty Ltd. He is also a director of Australian Gas Networks Limited.

Peter has previously held roles at PwC, Fosters Brewing Group and Utilicorp United Inc.

Current directorships of other listed companies

N/A

Former directorships of other listed companies (last 3 years)

Mayfield Childcare Limited - resigned 22 August 2022

Denise Brotherton
Resigned 31 August 2023

Denise is a highly experienced business leader and adviser with more than 27 years' experience working with high growth companies, including privately-owned and ASX-listed companies.

Denise is currently a tax partner with professional services firm, BDO and was previously a tax partner at EY.

Current directorships of other listed companies

N/A

Former directorships of other listed companies (last 3 years)

N/A

Robert McKinnon
Resigned 31 August 2023

Robert has over 40 years' finance and management experience in light manufacturing and industrial sectors in Australia, New Zealand, and Canada. Robert has extensive executive and board experience across a diverse range of ASX-listed companies. This includes executive roles in Capral, Austal and Fleetwood.

Current directorships of other listed companies

Peet Limited

Former directorships of other listed companies (last 3 years)

N/A

Andrew Draffin
Company Secretary
Resigned 6 September 2024

Andrew is an experienced ASX company secretary with a strong focus on governance and financial reporting. Andrew is currently a Partner at DW Accounting & Advisory Pty Ltd.

Hanna Posa**General Counsel and Company Secretary****Appointed 6 September 2024**

Hanna has extensive experience advising ASX-listed companies across various areas including general corporate law, equity capital raisings, mergers and acquisitions, commercial contracting, corporate governance and regulatory compliance. Prior to joining DGL, Hanna spent 10 years in both in-house and private practice roles advising businesses across highly regulated environments and diverse industries, with a proven ability for providing strategic and pragmatic legal advice. Hanna has a Bachelor of Laws and Bachelor of Commerce from the University of Western Australia.

Shareholdings of directors and other key management personnel

The interests of each Director and other key management personnel, directly and indirectly, in the shares and options of the Company at the date of this report are as follows:

Date of this report 30 June 2024

	Ordinary Shares	Share Options	Ordinary Shares	Share Options
Tim Hosking (appointed 31 August 2023)	142,000	-	142,000	-
Simon Henry	151,348,229	-	151,348,229	-
Robert Sushames	1,150,000	-	1,150,000	-
John West (appointed 31 August 2023)	102,000	-	102,000	-
Peter Lowe (retired 16 October 2023)	50,000	-	50,000	-
Denise Brotherton (resigned 31 August 2023)	35,614	-	35,614	-
Robert McKinnon (resigned 31 August 2023)	50,000	-	50,000	-

Meetings of directors

During the financial year, 14 Board meetings, 4 Audit and Risk Committee meetings and two Remuneration and Nomination Committee meetings were held.

Attendances by each director at both Board and Committee meetings during the year were as follows:

	Full meetings of directors		Meetings of Committees			
			Audit and Risk		Remuneration and Nomination	
	A	B	A	B	A	B
Tim Hosking (appointed 31 August 2023)	11	11	3	3	2	2
Simon Henry	14	14	-	-	-	-
Robert Sushames	14	14	-	-	2	2
John West (appointed 31 August 2023)	11	11	3	3	-	-
Peter Lowe (retired 16 October 2023)	5	5	4	4	-	-
Denise Brotherton (resigned 31 August 2023)	3	3	4	4	-	-
Robert McKinnon (resigned 31 August 2023)	2	3	4	4	-	-

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

* Not a member of the relevant committee

Remuneration Report



REMUNERATION REPORT - AUDITED

This remuneration report sets out remuneration information for non-executive directors, executive directors and other key management personnel.

Remuneration Policies

The Group's remuneration policy aims to align Director and Executive objectives with shareholder and business objectives by providing appropriate remuneration packages comprising of a fixed remuneration component and additional discretionary employment benefits. The Board believes the remuneration policy for its Directors and Executives to be appropriate and effective with the remuneration framework for all DGL Group senior executives under continued reviewed by the Board's Remuneration Committee. A balanced scorecard approach for assessing at-risk remuneration to help attract and retain people with necessary qualifications, skills and experience to assist the company in achieving its desired results will be introduced in early FY25 together with an Employee Incentive Securities Plan ("EISP") that will further align senior executive performance with shareholder and business objectives. The EISP will be subject to shareholder approval at the Company's upcoming AGM.

The Group has a Remuneration and Nomination Committee to assist the Board to achieve its objective in the following areas:

- has a Board with effective composition, size and commitment to adequately discharge its responsibilities and duties, having regard to the Board skills matrix;
- has coherent and effective remuneration policies and practices to attract and retain executives and directors who can reasonably be expected to create value for shareholders;
- observes those remuneration policies and practices; and
- fairly and responsibly rewards executives having regard to the performance of the Group, the performance of the executives and the general external pay environment.

Remuneration Structure

In accordance with best practice corporate governance, the structure of Executive Director and Non-Executive Director remuneration is separate and distinct.

Remuneration of Executive Directors and Key Management Personnel

Objective

The Board aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group.

Structure

In determining the level of Executive remuneration, the Board considers market levels of remuneration for comparable executive roles. As a result of the Board's review of remuneration for comparable executive roles, the Board intends to adopt an employee incentive scheme in FY25, which will tie Executive remuneration to the Company's performance. Executive remuneration in FY24 was not dependent on the Company's earnings or share price, nor the satisfaction of any performance conditions.

The Executive directors and key management personnel have entered into employment contracts with the Company.

Remuneration of Non-Executive Directors

Objective

The Board seeks to set an aggregate remuneration at a level which provides the Group with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

In accordance with the Company's Constitution, the Board decides the total amount paid to all Directors as remuneration for their services as a Director. However, subject to ASX Listing Rules, the total amount paid to all Non-Executive Directors for their services must not exceed an aggregate maximum amount of \$800,000 per annum or such maximum amount determined by the Company at a general meeting of shareholders.

Non-Executive Directors may be reimbursed for all business related expenses properly incurred by them in connection with the Company's business.

Non-Executive Directors may be paid such additional remuneration if they, at the request of the Board, perform any extra services above the scope of duties in their role as a Non-Executive Director.

There are no retirement benefit schemes for Non-Executive Directors, other than statutory superannuation contributions. Non-Executive Director remuneration was not dependent on the satisfaction of any performance conditions.

Key Management Personnel (KMP)

Full year remuneration for KMPs are disclosed below.

Employment Contracts

Remuneration and other terms of employment for Executive Directors and KMP are formalised in written agreements, the major provisions of which are as follows as at 30 June 2024.

Simon Henry - *Chief Executive Officer*

- | | | |
|-----|---------------------------|--|
| (a) | Employment Contract | - Permanent ongoing |
| (b) | Remuneration | - A\$700,000 (opted out of KiwiSaver contributions), A\$20,000 car allowance, NZD\$7,034.36 health insurance allowance |
| (c) | Executive's notice period | - 6 months ¹ |

Robert Sushames - *Executive Director, Director of Manufacturing*

- | | | |
|-----|---|--|
| (a) | Employment Contract | - Permanent ongoing |
| (b) | Remuneration | - A\$373,450 exclusive of superannuation contributions, fully expensed company vehicle |
| (c) | Executive's (and Company's) notice period | - 6 months ¹ |

Ryan Aisher - *Chief Operating Officer (resigned 31 December 2023), Sales & Procurement Manager (appointed 1 January 2024)*

- | | | |
|-----|-----------------------------------|---|
| (a) | Employment Contract | - Permanent ongoing |
| (b) | Remuneration | - NZ\$267,500 exclusive of compulsory contributions to KiwiSaver, NZ\$20,000 vehicle allowance, NZ\$1,743.12 health insurance allowance |
| (c) | KMP (and Company's) notice period | - 2 months ¹ |

Keith Mau – *GM Environmental Services*

- | | | |
|-----|-----------------------------------|--|
| (a) | Employment Contract | - Permanent ongoing |
| (b) | Remuneration | - A\$266,750 exclusive of superannuation contributions, fully expensed company vehicle |
| (c) | KMP (and Company's) notice period | - 2 months ¹ |

Alex Wing – *Chief Operating Officer (Promoted 1 January 2024)*

- | | | |
|-----|-----------------------------------|---|
| (a) | Employment Contract | - Permanent ongoing |
| (b) | Remuneration | - A\$350,000 exclusive of superannuation contributions. A\$17,400 vehicle allowance |
| (c) | KMP (and Company's) notice period | - 8 weeks ¹ |

Hanna Posa - *General Counsel (appointed 3 April 2024) and Company Secretary (appointed 6 September 2024)*

- | | | |
|-----|-----------------------------------|--|
| (a) | Employment Contract | - Permanent ongoing |
| (b) | Remuneration | - A\$295,000 exclusive of superannuation contributions |
| (c) | KMP (and Company's) notice period | - 12 weeks ¹ |

Frank Izzo - *Chief Financial Officer (appointed 29 April 2024)*

- | | | |
|-----|-----------------------------------|--|
| (a) | Employment Contract | - Permanent ongoing |
| (b) | Remuneration | - A\$275,000 exclusive of superannuation contributions |
| (c) | KMP (and Company's) notice period | - 12 weeks ¹ |

Bill Say – *Commercial Manager, DGL Group (resigned 30/09/2023)*

- | | | |
|-----|-----------------------------------|--|
| (a) | Employment Contract | - Permanent ongoing |
| (b) | Remuneration | - A\$266,750 exclusive of superannuation contributions, \$18,000 vehicle allowance |
| (c) | KMP (and Company's) notice period | - 8 weeks ¹ |

Rob Perkins - Chief Financial Officer (resigned 26 April 2024)

- (a) Employment Contract - Permanent ongoing
- (b) Remuneration - NZ\$385,000 exclusive of compulsory contributions to KiwiSaver, fully expensed car park space
- (c) KMP (and Company's) notice period - 3 months¹

Aaron Bardell – Director, DGL Warehousing & Distribution (resigned 12/08/2024)

- (a) Employment Contract - Permanent ongoing
- (b) Remuneration - A\$375,000 exclusive of superannuation contributions, fully expensed company vehicle
- (c) KMP (and Company's) notice period - 8 weeks¹

¹ In the event of fraud or other serious misconduct, the Company may terminate Executive Directors' and KMP employment agreements at any time without notice.

	Position held as at 30 June 2024 and any changes during the year	Contract details (duration & termination)
Tim Hosking (appointed 31 August 2023)	Chairman and Non-Executive Director	No fixed term
Simon Henry	Founder, Executive Director and Chief Executive Officer	No fixed term
Robert Sushames	Executive Director	No fixed term
John West (appointed 31 August 2023)	Non-Executive Director	No fixed term
Peter Lowe (retired 16 October 2023)	Non-Executive Director	No fixed term
Denise Brotherton (resigned 31 August 2023)	Non-Executive Director	No fixed term
Robert McKinnon (resigned 31 August 2023)	Non-Executive Director	No fixed term

Remuneration of Directors and other Key Management Personnel (KMP) for the Year Ended 30 June 2024

	Short-term Benefits Salaries, fees, allowances	Post employment Benefits Superannuation/ KiwiSaver	Share based benefits Shares	Total
2024	\$	\$	\$	\$
Tim Hosking (appointed 31 August 2023)	104,467	-	-	104,467
Simon Henry	703,469	-	-	703,469
Robert Sushames	375,404	41,509	-	416,913
John West (appointed 31 August 2023)	66,667	7,333	-	74,000
Peter Lowe (retired 16 October 2023)	36,667	-	-	36,667
Denise Brotherton (resigned 31 August 2023)	13,590	-	-	13,590
Robert McKinnon (resigned 31 August 2023)	12,177	1,339	-	13,516
Ryan Aisher	141,863	11,111	-	152,974
Keith Mau	266,750	29,343	-	296,093
Alex Wing (promoted 1 January 2024)	302,450	43,269	90,909	436,628
Hanna Posa (appointed 3 April 2024)	71,481	7,863	-	79,344
Frank Izzo (appointed 29 April 2024)	47,949	5,274	-	53,223
Bill Say (resigned 30 September 2023)	171,985	7,831	-	179,816
Rob Perkins (resigned 26 April 2024)	301,460	59,669	100,876	462,005
Aaron Bardell (resigned 12 August 2024)	374,039	56,144	136,364	566,547
	2,990,418	270,685	328,149	3,589,252

Remuneration of Directors and other Key Management Personnel (KMP) for the Year Ended 30 June 2023

	Short-term Benefits Salaries, fees, allowances	Post employment Benefits Superannuation/ KiwiSaver	Share based benefits Shares	Total
2023	\$	\$	\$	\$
Peter Lowe	110,000	-	-	110,000
Simon Henry	623,713	-	-	623,713
Denise Brotherton	60,000	-	-	60,000
Robert McKinnon	73,059	7,671	-	80,730
Robert Sushames	350,000	36,750	-	386,750
Ryan Aisher	227,979	6,839	-	234,818
Ben Halsey (resigned 23 December 2022)	160,907	9,068	141,385	311,360
Rob Perkins (appointed 24 January 2023)	128,111	3,843	-	131,954
Aaron Bardell	343,769	43,901	94,339	482,009
Bill Say	259,667	27,265	-	286,932
Keith Mau	250,000	26,250	-	276,250
Alex Wing (appointed 20 February 2023)	45,625	4,791	-	50,416
	2,632,830	166,378	235,724	3,034,932

In FY24, all remuneration for Key Management Personnel was fixed (ie not tied to satisfaction of performance conditions). No options to acquire shares were granted in FY24.

Share based compensation in FY24 was issued in lieu of cash-based bonuses.

Directors' and KMP Shareholdings

The number of ordinary shares in DGL Group Limited held by each Director and KMP of the Group during the financial year are as follows:

	Balance at Beginning of Year	Granted as Remuneration during the year	Issued on Exercise of Options during the Year	Other changes during the year	Balance at End of year
Tim Hosking (appointed 31 August 2023)	102,000	-	-	40,000	142,000
Simon Henry	151,290,229	-	-	58,000	151,348,229
Robert Sushames	1,150,000	-	-	-	1,150,000
John West (appointed 31 August 2023)	62,000	-	-	40,000	102,000
Peter Lowe (resigned 16 October 2023)	50,000	-	-	-	50,000
Denise Brotherton (resigned 16 October 2023)	35,614	-	-	-	35,614
Robert McKinnon (resigned 16 October 2023)	50,000	-	-	-	50,000
Ryan Aisher	45,000	-	-	-	45,000
Keith Mau	5,000	-	-	-	5,000
Alex Wing	-	70,073	-	-	70,073
Hanna Posa (appointed 3 April 2024)	-	-	-	-	-
Frank Izzo (appointed 29 April 2024)	-	-	-	-	-
Bill Say (resigned 30 September 2023)	383,466	-	-	(383,466)	-
Rob Perkins (resigned 26 April 2024)	-	-	-	100,000	100,000
Aaron Bardell (resigned 12 August 2024)	127,254	105,110	-	-	232,364

No options were granted to Directors or KMPs during the year.

Other transactions with KMPs and their related parties

The details of the related party transactions and balances are set out in Note 27.

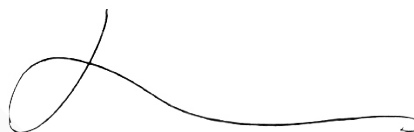
There were no other transactions with KMPs or their related parties.

This concludes the Remuneration Report, which has been audited.

The Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors made pursuant to s.298(2) of the Corporations Act 2001.



Tim Hosking
Chairman



Simon Henry
Chief Executive Officer



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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

TO THE DIRECTORS OF DGL GROUP LIMITED

In relation to our audit of the financial report of DGL Group Limited for the year ended 30 June 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 period.

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

PKF
Melbourne, 26 September 2024

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

Kenneth Weldin
Partner

Annual Financial Report



DGL GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 71 002 802 646

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024 Group \$000	2023 (Restated)* \$000
Sales revenue	3	466,135	465,994
Cost of sales		(263,410)	(294,302)
		202,725	171,692
Other income	3	3,128	2,644
Acquisition costs relating to business combinations		(1,551)	(3,056)
Employee benefits expense	4	(101,844)	(82,360)
Administration and general expenses		(20,771)	(16,170)
Legal and professional fees		(4,493)	(2,841)
Occupancy expense		(13,967)	(9,396)
Depreciation and amortisation expense		(30,224)	(22,395)
Finance costs		(11,542)	(7,636)
Profit before income tax		21,461	30,482
Tax expense	5	(7,133)	(13,075)
Net profit from continuing operations		14,328	17,407
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		(460)	359
Total comprehensive income for the year		13,868	17,766
Net profit attributable to:			
Owners of the parent entity		14,328	17,407
		14,328	17,407
Total comprehensive income attributable to:			
Members of the parent entity		13,868	17,766
		13,868	17,766
Earnings per share			
Basic and diluted earnings per share (cents)	8	5.03	6.14

* Following finalisation of the tax fixed asset registers relating to acquisitions through FY23, the Group increased its deferred tax liabilities by \$5.04m resulting in an increase in the FY23 deferred tax expense 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 these financial statements.

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

		Group	
		2024	2023
			(Restated)*
	Note	\$000	\$000
Assets			
Current Assets			
Cash and cash equivalents	9	19,630	36,919
Trade and other receivables	10	66,430	52,445
Inventories	11	39,501	37,444
Assets held for sale	12	20,606	-
Other financial assets	13	-	108
Other assets	17	9,085	8,538
Total Current Assets		155,252	135,454
Non-Current Assets			
Property, plant and equipment	15	260,123	246,419
Intangible assets	16	145,562	144,101
Right-of-use assets	18	44,952	43,871
Total Non-Current Assets		450,637	434,391
Total Assets		605,889	569,845
Liabilities			
Current Liabilities			
Trade and other payables	19	43,228	33,480
Other financial liabilities	13	3,507	-
Lease liabilities	18	14,458	14,206
Borrowings	20	3,656	6,409
Current tax liabilities	21	6,520	3,996
Provisions	22	9,575	9,499
Deferred income		1,244	-
Total Current Liabilities		82,188	67,590
Non-Current Liabilities			
Borrowings	20	129,804	121,525
Lease liabilities	18	32,980	32,047
Deferred tax liabilities ¹	21	16,396	18,429
Provisions	22	1,112	1,661
Deferred income		1,200	-
Total Non-Current Liabilities		181,492	173,662
Total Liabilities		263,680	241,252
Net Assets		342,209	328,593
Equity			
Issued capital	23	258,112	258,364
Reserves	30	(8,075)	(7,615)
Retained earnings ¹		92,172	77,844
Total Equity		342,209	328,593

* Following finalisation of the tax fixed asset registers relating to acquisitions through FY23, the Group increased its deferred tax liabilities by \$5.04m resulting in an increase in the FY23 deferred tax expense 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 these financial statements.

DGL GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 71 002 802 646
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 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 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)¹	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	-	14,328	-	-	-	-	14,328
Other comprehensive income for the year	-	-	-	(122)	-	(338)	(460)
Total comprehensive income for the year	-	14,328	-	(122)	-	(338)	13,868
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	92,172	48,005	20	(54,230)	(1,870)	342,209

* Following finalisation of the tax fixed asset registers relating to acquisitions through FY23, the Group increased its deferred tax liabilities by \$5.04m resulting in an increase in the FY23 deferred tax expense 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 these financial statements.

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

Note	Group	
	2024	2023
	\$000	\$000
Cash flows from operating activities		
Receipts from customers	452,557	514,820
Payments to suppliers and employees	(402,430)	(441,687)
Interest received/other income	2,608	2,644
Finance costs	(8,755)	(6,133)
Income tax paid	(6,643)	(10,384)
Net cash generated by operating activities	25 37,337	59,260
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	4,000	15,984
Purchase of property, plant and equipment	(25,994)	(24,892)
Payments for acquisition costs	(1,551)	(3,056)
Purchase of intangibles	(3,097)	(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	(41,752)	(70,031)
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	(12,938)	22,157
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	9 19,630	36,919

The accompanying notes form part of these financial statements.

The Directors of DGL Group Limited and its subsidiaries ("the Group") submit herewith the annual report of the Group for the financial year ended 30 June 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 26th September 2024 by the directors of the company.

Note 1 Material Accounting Policy Information

(a) Basis of Preparation

These general purpose consolidated financial statements 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 these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the 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 financial statements are presented in Australian dollars, which is the Group'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 Group 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 Group 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.

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	Over time
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	Over time (related to the period of storage)
	Distribution - delivery of dangerous goods for customers	Point in time (on completion of delivery)
Corporate	Rental income	Over time (related to the period of tenancy)

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

The Group has 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) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Costs are assigned on the basis of weighted average costs.

(g) Property, plant and equipment

Plant and equipment is carried at cost.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate	
	Straight line	Diminishing value
Buildings	2.0% - 25.0%	2.0% - 25.0%
Plant and equipment	4.0% - 67.0%	2.5% - 67.0%
Office equipment	10.0% - 67.0%	5.0% - 67.0%
Leasehold improvements	2.0% - 25.0%	
Motor vehicles	10.0% - 40.0%	5.0% - 25.0%

(h) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition.

Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains and losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The useful lives of finite intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

(i) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the 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.

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 carrying value of land and buildings as at 30 June 2024 and deemed them to remain appropriate and in line with DGL's triennial revaluation policy. Assessing the fair value of land and buildings requires significant judgment and estimates.

2024	2023	2023
	Previously	Restated
\$000	Reported	\$000
	\$000	

The following information has been extracted from the books and records of the financial information of the parent entity set out below and has been prepared in accordance with Australian Accounting Standards.

Statement of Financial Position

Assets

Current Assets	11,921	24,650	24,650
Non-current Assets	355,124	386,143	386,143
Total Assets	367,045	410,793	410,793

Liabilities

Current Liabilities	23,330	15,963	15,963
Non-current Liabilities	120,785	129,848	134,890
Total Liabilities	144,115	145,811	150,853
Net Assets	222,930	264,982	259,940

Equity

Issued Capital	258,112	258,364	258,364
Retained earnings	(61,478)	(19,742)	(24,784)
Reserves	26,296	26,360	26,360
Total Equity	222,930	264,982	259,940

Statement of Profit or Loss and Other Comprehensive Income

Profit/(Loss) for the year	(24,364)	(6,003)	(7,838)
Other comprehensive income	-	-	-
Total comprehensive income	(24,364)	(6,003)	(7,838)

The parent entity has no contingent liabilities as at 30 June 2024 (30 June 2023: nil).

The parent entity had contractual commitments of \$851,000 as at 30 June 2024 (30 June 2023: \$618,000).

The parent entity had bank guarantees totaling \$3,290,037 (30 June 2023: \$2,602,000) covering rental leases, environmental protections, and export licenses. The parent entity's assets are pledged as collateral against the Group's borrowings. In addition there are cross guarantees entered into by DGL Group Limited as identified in note 32.

Note 3 Revenue and Other Income

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

	Group	
	2024	2023
	\$000	(Restated) \$000
Continuing operations		
Revenue from contracts with customers	450,719	460,415
Other sources of revenue	15,416	5,579
Total sales revenue	466,135	465,994
Other income		
- Miscellaneous income	182	68
- Interest received	688	460
- Administration revenue	155	196
- Fuel tax credits income	967	599
- Gain on sale of fixed assets	843	1,308
- Foreign exchange gain/(loss)	103	-
- Gain on bargain purchase acquisition	190	-
- Covid-19 stimulus	-	13
Total other income	3,128	2,644

(a) Revenue disaggregation

The revenue is disaggregated by the following segments:

	Group	
	2024	2023
	\$000	(Restated) \$000
- Environmental Services	97,667	109,785
- Chemical Manufacturing	256,892	271,225
- Logistics	110,488	84,259
- Corporate - rental income	1,088	725
	466,135	466,994

Note 4 Profit for the Year

	Group	
	2024	2023
	\$000	(Restated) \$000
Profit before income tax from continuing operations includes the following specific expenses:		
(a) Expenses		
Employee benefits expense		
- defined contribution superannuation expense	4,359	5,348
Bad debts expense	408	340

	Note	Group	
		2024 \$000	2023 (Restated) \$000
(a) The components of tax (expense) income comprise:			
Current tax		(9,043)	(7,304)
Deferred tax*	21	1,910	(5,046)
Prior period adjustment		-	(725)
		<u>(7,133)</u>	<u>(13,075)</u>
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2023: 30%)			
- consolidated group		6,438	9,091
Add:			
Tax effect of:			
- non-deductible expenses		424	896
- under-provision for income tax in prior years		-	725
- unrecognised tax losses		-	648
- other		303	2,033
		<u>7,165</u>	<u>13,393</u>
Less:			
Tax effect of:			
- non-taxable income		(32)	(318)
Income tax attributable to entity		<u>7,133</u>	<u>13,075</u>

* Following finalisation of the tax fixed asset registers relating to acquisitions through FY23, the Group increased its deferred tax liabilities by \$5.04m resulting in an increase in the FY23 deferred tax expense 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 impact of the restatement on the Group's Statement of Profit or Loss and Other Comprehensive Income, and the Statement of Financial Position is shown below:

	2023 Previously reported \$000	2023 Adjustment \$000	2023 Restated \$000
<i>Amounts restated in the Statement of Profit or Loss and Other Comprehensive income:</i>			
Deferred tax expense	(3,211)	(1,835)	(5,046)
<i>Amounts restated in the Statement of Financial Position:</i>			
Deferred tax liabilities	(13,387)	(5,042)	(18,429)

Tax consolidation

The company and its wholly-owned Australian resident entities have formed a tax-consolidated group and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is DGL Group Limited.

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Any current tax liabilities (assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax consolidated group. Any difference between these amounts and amounts payable (receivable) under the tax funding agreement is recognised by the head entity as an equity injection or distribution.

Note 6 Key Management Personnel Compensation

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2024.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2024	2023 (Restated)
Short-term employee benefits	2,990,418	2,632,830
Post-employment benefits	270,685	166,378
Other short-term benefits	328,149	235,724
Total KMP compensation	3,589,252	3,034,932

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other key management personnel.

Post-employment benefits

These amounts are the current year's costs of providing for the KMP's superannuation contributions made during the year and post-employment life insurance benefits.

Other transactions

For details of other transactions with KMP, refer to note 27.

Note 7 Auditor's Remuneration

	Group	
	2024	2023 (Restated)
Remuneration of the auditor for:		
- auditing or reviewing the financial statements of the Group	261,000	329,000
- auditing or reviewing the financial statements of subsidiaries	11,000	20,131
	272,000	349,131
<i>Non-audit services - PKF Melbourne</i>		
- Corporate finance and transactional services	-	188,810
- Tax planning and GST advice	171,439	282,680
	171,439	471,490

Note 8 Earnings per Share

	Group	
	2024 \$000	2023 (Restated) \$000
(a) Reconciliation of earnings to profit or loss from continuing operations		
Profit	14,328	17,407
Earnings used in the calculation of dilutive EPS	14,328	17,407
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	284,642	283,431
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	284,642	283,431
Basic and diluted earnings per share from continuing operations (cents)	5.03	6.14

Note 9 Cash and Cash Equivalents

	Note	Group	
		2024	2023 (Restated)
		\$000	\$000
Cash at bank and on hand		19,630	36,919
	25	19,630	36,919

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.

Note 10 Trade and Other Receivables

	Group	
	2024	2023 (Restated)
	\$000	\$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

Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or Group of counterparties other than those receivables specifically provided for and mentioned within this note. The main source of credit risk to the Company is considered to relate to the class of assets described as 'trade & other receivables'.

The following table details the Group's trade and other receivables exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be of high credit quality.

Days past due	< 30	30 - 60	60 - 90	> 90	Total
	\$000	\$000	\$000	\$000	\$000
2024					
Expected loss rate	-	-	-	54.8%	1.4%
Gross carrying amount	59,429	4,018	764	1,654	65,865
Loss allowance	-	-	-	(906)	(906)
2023					
Expected loss rate	-	-	16.9%	100.0%	1.1%
Gross carrying amount	48,981	1,041	776	412	51,210
Loss allowance	-	-	(131)	(412)	(543)

		Group	
		2024	2023 (Restated)
		\$000	\$000
(a) Financial Assets Measured at Amortised Cost	Note		
Trade & other Receivables			
- Total current		66,430	52,445
Total financial assets measured at amortised cost less provision for impairment	28	66,430	52,445

(b) Collateral Pledged

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

Note 11 Inventories

	Group	
	2024	2023
	\$000	(Restated) \$000
Current		
At cost:		
Raw materials and spares	24,189	27,877
Work in progress	857	527
Finished goods	14,388	9,040
Stock in transit	154	-
Less:		
Provision for obsolescence	(87)	-
	<u>39,501</u>	<u>37,444</u>

Note 12 Asset held for sale

	Group	
	2024	2023
	\$000	(Restated) \$000
Property held for sale		
Project - Nambour	6,542	-
Property - 38 Seaview Place	14,064	-
	<u>20,606</u>	<u>-</u>

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. The carrying value of the plant is net of any impairment.

38 Seaview Place is a non-core DGL site which sold for NZD\$12.5m, with settlement date 10 October 2024. DGL will remain on site as a tenant and vacate on or before 9 April 2025.

Note 13 Other Financial Assets/Liabilities

	Group	
	2024	2023
	\$000	(Restated) \$000
Other Financial Assets		
Current		
Derivative cashflow hedge	-	108
	<u>-</u>	<u>108</u>
Other Financial Liabilities		
Current		
Derivative cashflow hedge	12	-
Leaseback liability	3,495	-
	<u>3,507</u>	<u>-</u>

During FY24 DGL sold a non-core property at Carole Park, then entered a sale and leaseback agreement to continue occupying the site as a tenant. Whilst the transaction terms and conditions were constructed as a sale and leaseback contract, the terms do not meet the recognition criteria under AASB15 *Revenue from Contract with Customers* to be recognised as a genuine sale because of the commercially advantageous terms negotiated by DGL which limits the buyer's ability to direct the use of the property. The proceeds from sale have been recorded as a leaseback liability which will be amortised over the term of the lease.

(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 the 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	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%
DGL Townsville Pty Ltd (formerly known as 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 these consolidated financial statements 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. DGL Group is in full compliance with the financial covenants set by its lenders.

	Group	
	2024	2023
	\$000	(Restated) \$000
Land & Buildings		
Freehold land at:		
Fair value	94,099	99,151
Total land	94,099	99,151
Buildings at:		
Fair value	59,794	56,195
Accumulated depreciation	(4,772)	(3,321)
Total buildings	55,022	52,874
Total land & buildings	149,121	152,025
Plant & equipment:		
Leasehold improvements		
At cost	1,713	1,383
Accumulated depreciation	(253)	(166)
	1,460	1,217
Plant and equipment		
At cost	79,794	68,419
Accumulated depreciation	(37,192)	(30,326)
	42,602	38,093
Motor Vehicles		
At cost	54,224	41,028
Accumulated depreciation	(10,063)	(5,036)
	44,161	35,992
Plant under construction		
At cost	22,788	19,092
Accumulated amortisation	(9)	-
	22,779	19,092
Total plant & equipment	111,002	94,394
Total property, plant & equipment	260,123	246,419

(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	Plant &	Motor	Plant Under	Total
	\$000	\$000	Improvements	Equipment	Vehicles	Construction	\$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	99,151	52,874	1,217	38,093	35,992	19,092	246,419

	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)	(110)	(8,018)	(5,209)	(2)	(15,080)
Reclassification	(10,159)	(3,847)	-	2,707	10	(9,114)	(20,403)
Movement in foreign currency	(246)	(171)	-	85	(2)	17	(317)
Balance at 30 June 2024	94,099	55,022	1,460	42,602	44,161	22,779	260,123

Property

Freehold land & buildings are carried at their fair value, based on periodic valuations by external independent valuers, less accumulated impairment losses and accumulated depreciation for buildings.

Plant & equipment

Plant & equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant & equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line or diminishing value basis over the asset's useful life to the Group commencing from the time the asset is held ready for use.

Property, plant and equipment, excluding freehold land and assets under construction, are depreciated over the estimated useful economic life of specific assets as follows:

Class of Fixed Asset	Depreciation Rate	
	Straight line	Diminishing value
Buildings	2.0% - 25.0%	2.0% - 25.0%
Plant and equipment	4.0% - 67.0%	2.5% - 67.0%
Office equipment	10.0% - 67.0%	5.0% - 67.0%
Leasehold improvements	2.0% - 25.0%	-
Motor vehicles	10.0% - 40.0%	5.0% - 25.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

		Group	
		2024	2023
		\$000	(Restated) \$000
Goodwill			
Cost		141,062	139,931
Accumulated impairment losses		(844)	(844)
		<u>140,218</u>	<u>139,087</u>
Trademarks and certification			
Cost		373	438
Accumulated amortisation		(147)	(189)
		<u>226</u>	<u>249</u>
Software			
Cost		1,378	1,764
Accumulated amortisation		(986)	(1,311)
		<u>392</u>	<u>453</u>
Software under development			
Cost		1,946	1,479
		<u>1,946</u>	<u>1,479</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)	(37)
		<u>2,117</u>	<u>2,170</u>
Total intangible assets		<u>145,562</u>	<u>144,101</u>

Note 16 Intangible Assets (continued)
Consolidated Group:

	Goodwill	Trademarks and Certification	Software	Software under development	Intellectual Property	Hydroproc Process	Registration and Brands	Total
	\$000	\$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 (see note 31)	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
	139,087	249	453	1,479	-	663	2,170	144,101

	Goodwill	Trademarks And Certification	Software	Software Under development	Intellectual Property	Hydroproc Process	Registration and Brands	Total
	\$000	\$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 31)	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

Impairment disclosures
Goodwill impairment assessment

Goodwill is allocated to cash-generating units which are based on the Group's reporting segments.

	2024	2023 (Restated)
	\$000	\$000
Environmental Services	19,347	19,347
Chemical Manufacturing	102,096	101,208
Logistics	18,775	18,532
Total	140,218	139,087

Note 16 Intangible Assets (continued)

The value in use calculations use cash flow forecasts based on financial budgets approved by management covering a five-year period. The FY25 budget takes into account the full year impact of acquisitions undertaken in FY24 as well as growth expected from capital investments in existing businesses and the current market trading conditions. Budgeted growth beyond FY25 is based on cumulative past performance and management's expectations of market development.

The discount rate applied to the cash flow projections is post-tax which has been determined based on a weighted average cost of capital calculation which incorporates the specific risks relating to the cash generating units identified.

The estimated recoverable amount of each of the CGUs is greater than the carrying values at 30 June 2024. Carrying values for the Chemical Manufacturing and Logistics CGUs are not sensitive to a change in a discount rate of +/- 1% and significant headroom remains. Carrying value for the Environmental Services CGU is not sensitive to a change in a discount rate of +/- 0.38% with headroom remaining. Discount rates have declined for FY24 due to a decline in the equity market risk premium (EMRP). The increase in the risk free rate resulted in a decline in the implied EMRP. The same external sources have been used.

The calculation of value in use for cash generating units was based on the following key assumptions by Management:

- Liquid Waste Treatment Plant (LWTP) in the Environmental CGU coming online during FY25.
- 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.
- Whilst the growth rate for 2025 is higher than 2024, it is achievable in 2025 due to skew toward higher margin earnings from the LWTP.
- Management is cognisant of the LWTP delays since announcing the project in the FY23 AGM, however has high confidence that the plant will be operational in FY25

	Growth Rate		Discount Rate		Terminal Growth Rate	
	2024	2023	2024	2023	2024	2023
Environmental Services	5.8% ¹	5.00%	8.57%	10.15%	2.50%	2.50%
Chemical Manufacturing	5.00%	5.00%	8.57%	10.15%	2.50%	2.50%
Logistics	6.00%	6.00%	8.60%	8.85%	2.50%	2.50%

Management has carried out a sensitivity analysis and believe that any reasonably possible change in the key assumptions would not cause the book value of any of the cash generating units, or groups of cash generating units to exceed their recoverable amount.

¹ Average rate over 5 years. Year 1 growth 7%, Years 2 to 5 growth 5.5%

Note 17 Other Assets

	Group	
	2024 \$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>

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.

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

	Group	
	2024	2023
	\$000	(Restated) \$000
Right-of-use assets		
Cost	92,546	76,528
Accumulated depreciation	(47,594)	(32,657)
Total right-of-use assets	44,952	43,871
Lease Liabilities		
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⁾	5,407	7,565
Additions	11,707	7,852
Depreciation expense	(15,999)	(12,822)
Movement in foreign exchange	(34)	819
Net carrying amount	44,952	43,871

⁽ⁱ⁾ Refer to Note 31: Business Combinations for further information.

	2024	2023
	\$000	(Restated) \$000
(ii) AASB 16 related amounts recognised in the statement of profit or loss		
Depreciation charge related to right-of-use assets	15,999	12,822
Interest expense on lease liabilities	2,171	1,503
Rental expense related to low value and short-term leases	573	96
Total cash outflows for leases	17,994	13,374

	Group	
	2024	2023
	\$000	(Restated)
		\$000
Current		
<i>Unsecured liabilities</i>		
Trade payables	35,848	25,966
Sundry payables and accrued expenses	6,980	6,514
Contingent consideration	400	1,000
	<u>43,228</u>	<u>33,480</u>

The contingent consideration relates to a government grant funding that was novated to DGL as part of the Aquadex acquisition. During the period, DGL received the remaining grant funding and subsequently recognised the deferred consideration.

Note 20 Borrowings

	Note	Group	
		2024	2023
		\$000	(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	28	<u>133,460</u>	<u>127,934</u>
		Group	
		2024	2023
			(Restated)
		\$000	\$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's purpose to refinance existing Financial Indebtedness of the Group and to fund further acquisitions and capital expenditure.

Facility B's 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.

Note 20 Borrowings (continued)

Facilities drawn as at 30 June 2024

	Amount Drawn \$000	Total facility \$000
Facility A - effective blended rate 6.74% p.a.	73,905	115,000
Facility B - effective rate 6.4% p.a.	29,516	40,000
Equipment finance facilities - effective interest rate 6.86% p.a.	28,683	37,445
Overdraft facility	-	3,000
Total Bank loans	132,104	195,445

The bank loans carried an effective blended interest rate of 6.34% p.a. as at 30 June 2023.

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 21 Tax

				Group	
				2024	2023
				\$000	(Restated) \$000
Current					
Income tax payable				6,520	3,996
				6,520	3,996
Non-Current					
	Opening Balance	Recognised in Profit & Loss	Charged directly to Equity	Exchange Differences	Closing Balance
Group	\$000	\$000	\$000	\$000	\$000
Deferred tax liabilities					
Property, plant & equipment - tax allowance	6,974	4,720	-	-	11,694
Land & buildings revaluation	10,551	-	111	-	10,662
Other	494	774	(80)	-	1,188
Balance at 30 June 2023	18,019	5,494	31	-	23,544
Property, plant & equipment - tax allowance	11,694	(989)	-	-	10,705
Land & buildings revaluation	10,662	-	-	-	10,662
Other	1,188	(120)	-	-	1,068
Balance at 30 June 2024	23,544	(1,109)	-	-	22,435
Deferred tax assets					
Provisions and accruals	3,343	239	-	-	3,582
Transaction costs on equity issue	1,130	-	(375)	-	755
Other	565	213	-	-	778
Balance at 30 June 2023	5,038	452	(375)	-	5,115
Provisions and accruals	3,582	1,112	-	-	4,694
Transaction costs on equity issue	755	-	(435)	-	320
Other	778	247	-	-	1,025
Balance at 30 June 2024	5,115	1,359	(435)	-	6,039
					\$000
Net deferred tax liabilities at 30 June 2023 (restated)					18,429
Net deferred tax liabilities at 30 June 2024					16,396

	Group	
	2024	2023 (Restated)
	\$000	\$000
Current		
Employee Benefits	9,233	8,280
Site cleanup and disposal of battery acid and other chemicals	285	1,219
Others	57	-
Total	9,575	9,499
	Group	
	2024	2023 (Restated)
	\$000	\$000
Non-Current		
Employee Benefits	1,112	1,661
Total	1,112	1,661

Analysis of Total Provisions

	Group	
	2024	2023 (Restated)
	\$000	\$000
Current	9,575	9,499
Non-current	1,112	1,661
	10,687	11,160
	Group	
	2024	2023
	\$000	\$000
Site cleanup and disposal of battery acid and other chemicals		
Opening Balance	1,219	724
Net movement in provisions	(934)	495
Total	285	1,219

The net \$934,000 movement in site clean up provision includes the reversal of \$1.08m estimated remediation costs for the Tomago, NSW site to comply with EPA requirements. During the year, Management has received a report from an independent external Environmental Auditor which has determined that there is no certainty around the timing, quantum or need for any provisions to be held for site remediation.

Note 23 Issued Capital

	Group			
	2024	2023		
	\$000	\$000		
284,610,360 fully paid ordinary shares (2023: 284,911,205 fully paid ordinary shares)	258,112	258,364		
	258,112	258,364		
(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	284,610,360	258,112	284,911,205	258,364

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 performed 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.

(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

		2024	2023 Previously Reported	Group 2023 Restated
	Note	\$000	\$000	\$000
Total borrowings and lease liabilities		180,898	174,187	174,187
Trade & other payables		42,828	32,480	32,480
Less cash & cash equivalents	9	(19,630)	(36,919)	(36,919)
Net debt		204,096	169,748	169,748
Total equity		342,209	333,635	328,593
Total net debt and equity		546,305	503,383	498,341
Net Gearing ratio		60%	51%	52%

Note 24 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 specialty 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.

(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	8,135	44,973	23,928	(10,273)	(1,988)	64,775
Depreciation & amortisation	(4,283)	(9,963)	(16,511)	(2,116)	2,649	(30,224)
Underlying EBIT	3,852	35,010	7,417	(12,389)	662	34,552

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

Finance costs	(11,542)
Acquisition costs	(1,549)
Net profit before tax from continuing operations	21,461

	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
<i>Reconciliation of segment result to group net profit/loss before tax</i>						
Finance costs						(7,636)
Acquisition costs						(3,056)
Site remediation 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	78,666	149,121	(99,478)	605,890
Segment liabilities	(34,473)	(57,052)	(30,516)	(149,170)	7,531	(263,681)
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
	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 \$000	2023 \$000
Australia	434,709	438,295
New Zealand	30,796	27,303
United States of America	630	396
Total revenue	466,135	466,994

(iv) **Assets by geographical region**

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

	2024 \$000	2023 \$000
Australia	526,079	492,734
New Zealand	79,803	76,289
United States of America	7	822
Total Assets	605,889	569,845

	Group	
	2024	2023
	\$000	(Restated) \$000
Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax		
Profit after income tax	14,328	17,407
Non-cash flows in profit		
Depreciation and amortisation	30,224	22,395
Tomago provision	(1,019)	-
Non-operating cash flows in profit		
Acquisition costs	1,551	3,056
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
Decrease/(Increase) in trade and term receivables	(13,985)	9,333
(Increase) in prepayments	(1,405)	(899)
Decrease/(Increase) in inventories	(2,127)	16,907
Increase/(Decrease) in trade payables and accruals	9,751	(11,444)
Increase/(Decrease) in income taxes payable	2,524	(2,761)
Increase in deferred taxes payable	(2,033)	5,452
Increase/(Decrease) in provisions	(472)	(186)
Net cash generated by operating activities	37,337	59,260

Note 26 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 Ms. Hanna Posa, DGL's General Counsel, will be appointed effective from 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 July 2024. The acquisition completed on 1 August 2024.

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.

For details of disclosures relating to key management personnel, refer to note 6.

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	
	2024 \$	2023 \$
i. Transactions with Simon Henry & his controlled entities		
Administration revenue charged to Simon Henry and his controlled entities	149,090	255,363
Rental and related expenses charged by Simon Henry and his controlled entities	197,068	210,204
ii. Transactions with other related parties		
Company secretarial fees and reimbursement of expenses, 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.	254,511	151,733
Due diligence and professional training fees paid to BDO Australia, of which Denise Brotherton is a Partner	16,500	709,878
Rental and related expenses charged by entities that Mr Robert Sushames or his close family members have an interest in.	1,123,398	1,525,084
Cleaning services provided by D&A Enterprise in which a close relative of Aaron Bardell has an interest	26,358	4,160

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

The Group's financial instruments consist mainly of cash and cash equivalents, leases, borrowings, trade and other receivables and trade and other payables.

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

		Group	
	Note	2024	2023
		\$000	\$000
Financial Assets			
Financial assets at amortised cost			
- cash & cash equivalents	9	19,630	36,919
- trade & other receivables	10	66,430	52,445
Financial assets at fair value			
- other financial assets	13	-	108
Total Financial Assets		86,060	89,472
Financial Liabilities			
Financial liabilities at amortised cost			
- lease liabilities	18	47,438	46,253
- trade & other payables	19	42,828	32,480
- borrowings	20	133,460	127,934
Financial liabilities at fair value			
- contingent consideration	19	400	1,000
Total Financial Liabilities		224,126	207,667

Financial Risk Management Policies

The Audit & Risk Committee (ARC) has been delegated responsibility by the Board of Directors for, among other issues, managing financial risk exposures of the Group. The ARC monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to financial risk. The ARC will meet on a quarterly basis and minutes of the ARC are reviewed by the Board.

The ARC's overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 7 to 90 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the ARC has otherwise assessed as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Significant increase in credit risk for financial instruments

The Group evaluates and compares the risk of a default on a financial instrument at the reporting date with the risk of a default on the financial instrument at the date of initial recognition. To support the evaluation process, the Group takes into consideration both quantitative and qualitative information that is reasonable and justifiable, including past experience and prospective information that is publicly available. Prospective information taken into consideration includes the future volatility of the industries in which the Group's debtors are in, obtained from industry expert reports, financial news report, governmental bodies, as well as taking into consideration multiple external sources of current and future economic information that Group's core operations can relate to.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees given to third parties in relation to obligations under its bank facility.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. However, on a geographic basis, the Group has significant credit risk exposures to Australia and New Zealand given the substantial operations in those regions. Details with respect to credit risk of trade and other receivables is provided in note 10.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at note 10.

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- using derivatives that are only traded in highly liquid markets;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

Consolidated Group	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Financial liabilities due for payment								
Bank overdrafts and loans	3,656	6,409	129,804	121,525	-	-	133,460	127,934
Trade & other payables	43,228	33,480	-	-	-	-	43,228	33,480
Lease liabilities	14,458	14,206	32,980	32,047	-	-	47,438	46,253
Total expected outflows	61,342	54,095	162,784	153,572	-	-	224,126	207,667
Consolidated Group	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Financial Assets - cash flows realisable								
Cash & cash equivalents	19,630	36,919	-	-	-	-	19,630	36,919
Trade, term and loan receivables	66,430	52,445	-	-	-	-	66,430	52,445
Total anticipated inflows	86,060	89,364	-	-	-	-	86,060	89,364
Net (outflow) / inflow on financial instruments	24,718	35,269	(162,784)	(153,572)	-	-	(138,066)	(118,303)

Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts. Refer to note 20(b) for further details.

c. Market Risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows and earnings volatility on floating rate instruments. The Group does not hold any financial liabilities at fair value through profit and loss, as such any reasonable change in interest rates as at 30 June would not impact the results of the Group.

The financial instruments that primarily expose the Group to interest rate risk are borrowings and cash and cash equivalents.

The Group does not currently enter into interest rate hedges. Management regularly assesses funding arrangements to ensure it maintains access to necessary liquidity and manages cashflow volatility arising from interest rate changes.

ii. Foreign currency risk

Exposure to foreign currency risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are held in other currencies than the AUD functional currency of the Group.

The Group has entered into foreign exchange forward contracts to manage a portion of the foreign currency risk associated with booked purchase transactions in USD.

With overseas operations in New Zealand, fluctuations in the NZ Dollar to AU Dollar exchange rate impacts the Group's equity.

Sensitivity Analysis

The following table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible as at 30 June.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Group	
	Profit	Equity
	\$'000	\$'000
Year ended 30 June 2024		
AUD strengthens 10% against the USD	(7)	(143)
AUD weakens 10% against the USD	15	174
AUD strengthens 10% against the NZD	(335)	2,616
AUD weakens 10% against the NZD	577	(3,197)
	Group	
	Profit	Equity
	\$'000	\$'000
Year ended 30 June 2023		
AUD strengthens 10% against the USD	(37)	(238)
AUD weakens 10% against the USD	131	296
AUD strengthens 10% against the NZD	(502)	(4,438)
AUD weakens 10% against the NZD	613	5,424

iii. Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk or foreign currency risk) for commodities. The price of lead affects the Group's Environmental Services segment. The Group held no financial instruments at 30 June 2024 (30 June 2023: nil) that would be impacted by a change in the price of lead.

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Refer to note 29 for detailed disclosures regarding the fair value measurement of the Group's financial assets and financial liabilities.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group.

Management do not believe there are any material differences between carrying values of financial assets and their fair value.

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- financial assets at fair value through other comprehensive income; and
- freehold land and buildings.
- contingent consideration

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

(a) Fair value hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy.

2024					
	Note	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Recurring fair value measurements					
Non-financial assets					
Freehold land	15	-	94,099	-	94,099
Buildings	15	-	55,022	-	55,022
Total non-financial assets recognised at fair value on a recurring basis		-	149,121	-	149,121
2023					
	Note	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Recurring fair value measurements					
Non-financial assets					
Freehold land	15	-	99,151	-	99,151
Buildings	15	-	52,874	-	52,874
Total non-financial assets recognised at fair value on a recurring basis		-	152,025	-	152,025

(b) Valuation techniques and inputs used to measure Level 2 fair values
Non-financial assets

Freehold land (i)	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology
Buildings (i)	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology

- (i) The fair value of freehold land and buildings is determined periodically based on valuations by an independent valuer. At the end of each intervening period, the directors will review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies or seek updated independent valuations.

There were no changes during the period in the valuation techniques used by the Group to determine Level 2 fair values.

Note 30 Reserves
a. Foreign Currency Translation Reserve

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

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

b. Asset Revaluation Reserve

The asset revaluation reserve records revaluations of land and buildings.

	Group	
	2024	2023
	\$000	\$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
	<u>48,005</u>	<u>48,005</u>

c. Cash Flow Hedge Reserve

The asset revaluation reserve records revaluations of hedging instruments

	Group	
	2024	2023
	\$000	\$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)
	<u>20</u>	<u>142</u>

Note 30 Reserves (continued)

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	2023
	\$000	\$000
Balance at the beginning of the period	(54,230)	(54,230)
Movements during the year	-	-
	(54,230)	(54,230)
	Group	
	2024	2023
	\$000	\$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)
	(8,075)	(7,615)

Note 31 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 is as follows:

	Fair Value \$'000
Purchase consideration	
- Cash	15,961
	15,961
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	14,954
Goodwill/(bargain purchase) accounted for	1,007
Goodwill/ (bargain purchase) made up of:	
Goodwill accounted for (see note 16)	319
Goodwill provisionally accounted for (see note 16)	878
Bargain purchase recognised in profit or loss	(190)
	1,007

(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>

(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>

(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, collectively 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 provisionally accounted for	<u>90</u>

On the 5 June 2023 DGL Group Limited entered into a Deed of Cross Guarantee with the following wholly owned entities:

- DGL Manufacturing Pty Ltd
- Flexichem Australia Pty Ltd
- DGL Warehousing & Distribution Pty Ltd
- DGL Industries Pty Ltd
- DGL Global Logistics Pty Ltd
- DGL Townsville Pty Ltd
- DGL Manufacturing Australia Pty Ltd
- Labels Connect Pty Ltd
- DGL AusBlue Pty Ltd
- Opal Australasia Pty Ltd
- AusTech Chemicals Pty Ltd
- Total Bio Group Pty Ltd
- Total Coolant Management Solutions Pty Ltd
- Aquadex Pty Ltd
- BTX Group Pty Ltd
- Acacia Ridge Container Park Pty Ltd

Under the deed each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

The above companies represent a 'closed group' for the purposes of the instrument and as there are no other parties to the deed of cross guarantee that are controlled by DGL Group Limited, they also represent the 'extended closed group'.

Set out below are a consolidated statement of financial positions, a consolidated statement of profit or loss and other comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2024 of the closed group assuming all members of the group were members from 1 July 2023 or, if at a later date, from the date DGL Group Limited gained control of the entity.

Statement of Profit or Loss and Other Comprehensive Income

	2024	2023 (Restated)
	\$000	\$000
Sales revenue	433,655	437,722
Cost of sales	(249,782)	(279,651)
	183,873	158,071
Other income	3,231	1,509
Acquisition costs relating to business combinations	(1,340)	(2,952)
Employee benefits expense	(92,711)	(67,647)
Administration and general expenses	(17,894)	(21,092)
Legal and professional fees	(4,044)	(2,016)
Occupancy expense	(12,409)	(8,110)
Depreciation and amortisation expense	(27,112)	(19,480)
Finance costs	(8,541)	(7,246)
Profit before income tax	23,053	31,037
Tax expense	(7,133)	(12,721)
Net profit from continuing operations	15,920	18,316
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss when specific		
Gain on derivative contract held as hedging instruments, net of tax	-	76
Items that will not be reclassified subsequently to profit or loss:		
Hedging gains reclassified to profit or loss, net of tax	-	(196)
Revaluation gain on land and buildings, net of tax	-	111
Total other comprehensive income/(loss) for the year	-	(9)
Total comprehensive income for the year	15,920	18,307

Consolidated Statement of Financial Position

	2024	2023
	\$000	(Restated) \$000
Assets		
Current Assets		
Cash & cash equivalents	18,403	34,379
Trade & other receivables	62,414	48,710
Inventories	33,139	32,574
Other assets	7,925	5,742
Total Current Assets	121,881	121,405
Non-Current Assets		
Investments in subsidiaries	44,480	44,480
Inter-company receivables	26,937	23,057
Property, plant & equipment	221,801	191,235
Intangible assets	138,523	134,340
Right-of-use assets	41,183	38,007
Total Non-Current Assets	472,924	431,119
Total Assets	594,805	552,524
Liabilities		
Current Liabilities		
Lease liabilities	13,198	17,229
Trade & other payables	38,733	29,032
Borrowings	1,490	3,902
Current tax liabilities	6,886	3,976
Provisions	9,042	8,527
Deferred Income	1,243	-
Total Current Liabilities	70,592	62,666
Non-Current Liabilities		
Lease liabilities	30,214	22,853
Borrowings	130,251	121,526
Deferred tax liabilities	16,394	18,282
Provisions	1,083	1,648
Deferred Income	1,200	-
Total Non-Current Liabilities	179,142	164,309
Total Liabilities	249,734	226,975
Net Assets	345,071	325,549
Equity		
Issued capital	258,112	258,354
Reserves	27,286	23,442
Retained earnings	59,673	43,753
Total Equity	345,071	325,549
Summary of Movements in Consolidated Retained Earnings		
Opening retained earnings	43,753	25,437
Profit for the year	15,920	18,316
Closing retained earnings	59,673	43,753

Note 33 Contingent Liabilities

There are no known contingent liabilities (2023: Nil).

Note 34 Capital Commitment

The table below reflects the capital commitments the Group had entered into as at the end of the financial year.

	Group	
	2024 \$000	2023 \$000
Acquisition of 100% shares in Enlog Pacific Holdings Pty Ltd		
- cash consideration	2,000	-
- shares consideration	350	-
	2,350	-
Acquisition of business and assets of Qblend		
- cash consideration	-	750
Acquisition of business and assets of Kinneare:		
- cash consideration	-	7,750
Purchase of Land & Buildings consequent to the Katanning acquisition	851	-
Purchase of Property, Plant & Equipment	-	618
	3,201	9,118

Note 35 Company Details**The registered office of the company is:**

DGL Group Limited
Level 1, 80 George Street
Parramatta NSW 2150

The principal places of business are:

DGL Warehousing and Distribution
57 Ashover Road, Rocklea, QLD
4106 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

DGL GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 71 002 802 646
CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Name of entity	Type of entity	Trustee, partner, or participant in JV	% share capital	Country of incorporation	Australian resident or foreign resident	Foreign jurisdiction(s) of foreign residents
DGL Group Limited	Body Corporate	N/A	100	Australia	Australian	N/A
Acacia Ridge Container Park Pty Ltd	Body Corporate	N/A	100	Australia	Australian	N/A
Aquadex Pty Ltd	Body Corporate	N/A	100	Australia	Australian	N/A
Austech Chemicals Pty Ltd	Body Corporate	N/A	100	Australia	Australian	N/A
BTX Group Limited	Body Corporate	N/A	100	Australia	Australian	N/A
DGL (NZ) Limited	Body Corporate	N/A	100	New Zealand	Foreign	New Zealand
DGL Ausblue Pty Ltd	Body Corporate	N/A	100	Australia	Australian	N/A
DGL Global Logistics Pty Ltd	Body Corporate	N/A	100	Australia	Australian	N/A
DGL Group Inc	Body Corporate	N/A	100	United States of America	Foreign	United States of America
DGL Industries Pty Ltd	Body Corporate	N/A	100	Australia	Australian	N/A
DGL Manufacturing (Australia) Pty Ltd	Body Corporate	N/A	100	Australia	Australian	N/A
DGL Manufacturing Limited	Body Corporate	N/A	100	New Zealand	Foreign	New Zealand
DGL Manufacturing Pty Ltd	Body Corporate	N/A	100	Australia	Australian	N/A
DGL North America Pty Ltd	Body Corporate	N/A	100	Australia	Australian	N/A
DGL Townsville Pty Ltd	Body Corporate	N/A	100	Australia	Australian	N/A
DGL Warehousing & Distribution Pty Ltd	Body Corporate	N/A	100	Australia	Australian	N/A
DGL Warehousing (NZ) Limited	Body Corporate	N/A	100	New Zealand	Foreign	New Zealand
Flexichem Australia Pty Ltd	Body Corporate	N/A	100	Australia	Australian	N/A
Labels Connect Pty Ltd	Body Corporate	N/A	100	Australia	Australian	N/A
Opal Australasia Pty Ltd	Body Corporate	N/A	100	Australia	Australian	N/A
Total Bio Group Pty Ltd	Body Corporate	N/A	100	Australia	Australian	N/A
Total Coolant Management Solutions Pty Ltd	Body Corporate	N/A	100	Australia	Australian	N/A
Triox Pty Ltd	Body Corporate	N/A	100	Australia	Australian	N/A

Directors' Declaration

For personal use only



DGL

DGL GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 71 002 802 646

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 32 to 72, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards applicable to the entity, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2024 and of the performance for the year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. in the directors' opinion the consolidated entity disclosure statement is true and correct;
4. the directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.
5. At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 32 will be able to meet any liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 32.

Director



Dated this 26th September, 2024



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Pty Ltd ABN 75 600 749 184
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DGL GROUP LIMITED

Report on the Financial Report

Auditor's Opinion

We have audited the accompanying financial report of DGL Group Limited (the Company) and its controlled entities (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement, and the Directors' Declaration of the Company and the consolidated entity (the Group) comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

A Key Audit Matter is a matter that, in our professional judgement, was of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key audit matter	How our audit addressed this matter
Existence and valuation of inventories The Group held inventory with a carrying value of \$39.5m as at 30 June 2024 (2023: \$37.4m), as disclosed in note 11 of the financial report. AASB 102 <i>Inventories</i> requires entities to value inventory at the lower of cost and net realisable value. In considering the valuation and existence of inventories across the Group we had regard to: • The changing mix and profile of inventory held across the Group's diverse operating businesses. • A range of inventory management and accounting practices across the various business combinations and efforts required to apply a consistent approach at year end. • Judgement applied in estimating future selling prices and provisions for quality or obsolescence issues in a changing economic environment. Due to these factors, we consider valuation and existence of Inventories to be a Key Audit Matter.	Our procedures included, but were not limited to, the following: • attending multiple stock counts across each business and cash generating unit to observe the controls in place and investigate any weaknesses in place. • performing sample stock counts to confirm both existence and completeness, including reperforming a count of a sample of items and verifying against the final inventory listings. • performing cut off procedures to verify that inventory has been recorded in the correct accounting period. • performing analytical procedures in relation to inventory turnover, ageing and margin yield. • testing a sample of inventory additions during the year to assess the accuracy of costing by validating these transactions to supporting invoices and other appropriate documentation. • testing the valuation methods applied to closing inventory and validating that inventory was recorded at the lower of cost and net realisable value in line with AASB 102 <i>Inventories</i>. • performing net realisable value testing and reviewing the adequacy of any inventory obsolescence provisions.

Key audit matter

How our audit addressed this matter

Impairment of goodwill and other intangible assets

As of 30 June 2024, the carrying value of goodwill and indefinite life intangibles was \$145.6m (2023: \$144.1m), as disclosed in note 16 of the financial report. The accounting policy in respect of these assets is outlined in note 1 (h) Intangible Assets. Goodwill of \$1.2m was recognised on the acquisitions during the year as noted above.

An annual impairment test of goodwill and other indefinite life intangibles is required under AASB 136 *Impairment of Assets*. Management's testing has been performed using a discounted cash flow model (impairment model) to estimate the value-in-use of the Cash Generating Unit (CGU) to which the intangible assets have been allocated.

The evaluation of the recoverable amount requires the Group to exercise significant judgement in determining key assumptions, which include:

- 5-year cash flow forecast
- growth rate and terminal growth factor
- discount rate

The outcome of the impairment assessment could vary if different assumptions were applied. As a result, the evaluation of the recoverable amount of goodwill and other intangibles in accordance with the requirement of AASB 136 *Impairment of Assets* is a Key Audit Matter.

Our procedures included, but were not limited to, assessing and challenging:

- the appropriateness of Management's determination of the CGU to which goodwill and indefinite life intangibles are allocated.
- the application of an indefinite useful life to these intangible assets.
- the reasonableness of the financial year 2025 budget approved by the Directors, comparing to current actual results, and considering trends, strategies and the current economic climate.
- the inputs used in the impairment model, including the approved budget.
- the determination of the discount rate applied in the impairment model, comparing to available industry data.
- the short to medium term growth rates applied in the forecast cash flow, considering historical results and available industry data.
- the arithmetic accuracy of the impairment model.
- Management's sensitivity analysis around the key drivers of the cash flow projections, to consider the likelihood of such movements occurring sufficient to give rise to an impairment.
- the appropriateness of the disclosures including those relating to sensitivities in assumptions used in note 16.

Key audit matter

How our audit addressed this matter

Revenue recognition

The Group's sales revenue amounted to \$466.1m during the year (2023: \$466m). Note 3 provides a breakdown of this revenue.

Note 1 (d) Revenue and Other Income describes the accounting policies applicable to the following distinct revenue streams in accordance with AASB 15 *Revenue from Contracts with Customers*.

- Formulation and packaging of chemical and material products
- Processing of used lead acid batteries to recover lead
- Liquid waste treatment
- Storage of customer goods
- Delivery of dangerous goods for customers
- Rental income

The recognition of revenue and associated unearned revenue is considered a Key Audit Matter due to the varied timing of revenue recognition relative to the different revenue streams, consideration of business combinations, and the relative complexity of processes supporting the accounting for each.

Our procedures included, but were not limited to, the following:

- assessing the accuracy of revenue cut-off and completeness of revenue deferred in accordance with the principles of AASB 15 as of the year-end.
- assessing the reasonableness against expectation of recognised revenue through each of the revenue streams, using data analytics and comparison to prior year and budgeted results.
- for a sample of contracts across each revenue stream - with emphasis on new revenue streams acquired during the period - evaluating the contracts and agreeing revenue amounts to the records accumulated as inputs to the financial statements, including supporting billing systems and bank records; these procedures enabled our assessment of the values recorded and the timing of revenue recognition as appropriate to the completion of performance obligations and the timeframe of product delivery.
- assessing the consistency of design of the Group's accounting policies in respect of revenue recognition against the criteria prescribed by AASB 15.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the financial report, our responsibility is to read the other information and in doing so, we consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

The Directors of the Company are responsible:

- (a) For the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- (b) For the preparation of the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and
- (c) For such internal control as the Directors determine is necessary to enable the preparation of:
 - i. the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
 - ii. the consolidated entity disclosure statement that is true and correct and is free from misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue the auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a

Auditor's Responsibilities for the Audit of the Financial Report (Cont'd)

material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and other related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on the Remuneration Report

Auditor's Opinion

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2024. In our opinion, the Remuneration Report of DGL Group Limited for the year ended 30 June 2024 complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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

PKF
Melbourne, 26 September 2024

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

Kenneth Weldin
Partner

Shareholder Information

The shareholder information set out below was applicable as at 10 September 2024.

Number of security holders

At the specified date, there were 5,076 holders of ordinary shares. This was the only class of equity securities on issue.

Distribution of equity securities

Analysis of number of equity security holders (shareholders) by size of holding:

Holding ranges	Ordinary shares		
	Holders	Total shares	% of total shares issued
Above 0 up to and including 1,000	1,609	827,464	0.29
Above 1,000 up to and including 5,000	1,687	4,558,582	1.60
Above 5,000 up to and including 10,000	652	4,964,358	1.74
Above 10,000 up to and including 100,000	964	28,949,978	10.15
Above 100,000	164	245,924,879	86.22
Total	5,076	285,225,261	100

The number of shareholders holding less than a marketable parcel of 1,021 securities (being based on a share price of \$0.49) is 1,621 holders.

Restricted securities

As at 10 September 2024, there were no fully paid ordinary shares which are subject to ASX mandatory escrow arrangements. There were 614,901 fully paid ordinary shares which are subject to voluntary escrow arrangements, to be released from escrow 3 March 2025.

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number of shares	% of total shares issued
Mr Simon Henry	151,348,229	53.06
Citicorp Nominees Pty Ltd	18,055,797	6.33
Spalding Holdings Pty Ltd ATF Sushames Family No 2 A/C	5,400,000	1.89
Mr Kenneth Joseph Hall ATF Hall Park A/C	5,360,000	1.88
BNP Paribas Nominees Pty Ltd ATF IB AU Noms Retail Client	5,012,471	1.76
Aveley Investments Pty Ltd ATF Oryx A/C	4,800,000	1.68
4tiges Capital Pty Ltd	3,285,355	1.15
HSBC Custody Nominees (Australia) Limited	2,373,257	0.83
Sharesies Australia Nominee Pty Ltd	1,885,809	0.66
J P Morgan Nominees Australia Pty Limited	1,829,064	0.64
Mr Brett Jackson	1,124,049	0.39
Bnp Paribas Nominees Pty Ltd ATF HUB24 Custodial Serv Ltd	1,102,492	0.39
Wj & Gf Shaw Ltd ATF the Shaw Family A/C	1,059,205	0.37
Nine Lions Pty Ltd ATF - Park Family A/C	1,007,194	0.35
Mr Robert William Sushames - ATF SUSHAMES FAMILY A/C	1,000,000	0.35
Contract Services Pty Ltd ATF Eugenia A/C	981,309	0.34
Fssl Group Pty Ltd ATF - FSSL Group A/C	981,308	0.34
Melcarbay Pty Ltd ATF - JM2 A/C	981,308	0.34
Netscience Pty Ltd	947,374	0.33
Mr John Anthony Dell	868,864	0.30
Total Top 20 Shareholders	209,403,085	73.42
Total issued capital	285,225,261	100.00%

Substantial shareholders

As at 10 September 2024, DGL Group Limited has the following substantial shareholders:

Shareholder	Ordinary shares	
	Number of shares	% of total shares issued
Mr Simon Henry	151,348,229	53.06
Citicorp Nominees Pty Ltd	18,055,797	6.33

No other substantial shareholder notices have been received.

Voting rights

All fully paid ordinary shares carry one vote per share.

On market buy-back

During the reporting period, the Company undertook an on-market buy-back, opening on 30 August 2023. A total of 546,101 shares were purchased on-market under the buy-back. The buy-back closed on 30 August 2024.

Directors

Tim Hosking – Chair and Non-Executive Director

Simon Henry – CEO and Executive Director

John West – Non-Executive Director

Rob Sushames - Executive Director

Company Secretary

Hanna Posa (Appointed 6 September 2024)

Andrew Draffin (Resigned 6 September 2024)

Registered office

Level 1, 80 George Street,

Parramatta, NSW 2150

Tel: +61 2 9615 4750

Principal place of business

Level 1, 80 George Street,

Parramatta, NSW 2150

Tel: +61 2 9615 4750

Share registry

Link Market Services

Level 12, 680 George Street

Sydney NSW 2000

+61 1300 554 474

Auditor

PKF Melbourne

Level 15, 500 Bourke Street

Melbourne, VIC 3000

Tel: +61 3 9679 2222

Stock Exchange Listing

DGL Group Limited shares are listed on the Australian Securities Exchange (ASX:DGL).

Website

www.dglgroup.com

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