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DGL H1 FY25 Results Presentation

28th February 2025

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DGL is a leading provider of chemical logistics and services to essential industries in Australia, New Zealand and further afield

Agenda

1. H1 FY25 Overview
2. Financial Results
3. Strategy & Outlook
4. Questions
5. Appendix

H1 FY25 Overview

Simon Henry (CEO)

DGL

H1 FY25 Group Financial Highlights

Revenue
$239.1m
H1 FY24 $217.0m
+10%

Underlying EBITDA
$26.0m
H1 FY24 $29.8m
-13%

Underlying NPAT
$1.7m
H1 FY24 $7.4m
-77%

Statutory NPAT
($2.2m)
H1 FY24 $5.9m
-138%

Cashflow from Operations
$18.1m
H1 FY24 $19.3m
-6%

Net Debt
$102m
30 June 2024 $114m
-11%

Group Financial Highlights

- Positive volume growth across the divisions now serving over 5,300 customers
- Strong performance in manufacturing, with crop protection a highlight
- Capacity expansion with two additional manufacturing sites and new fleet with increased capacity and efficiency
- Completion of acquisition of a nation-wide carrier of hazardous cargo and highly strategic bulk petrochemical storage and handling business in NSW
- Significant progress in major group-wide system implementations of ERP & Finance, Logistics Management and HR & Payroll systems, all due for completion in this calendar year
- Consolidation of sites to reduce costs and improve efficiency with the sale of several non-core properties, with more optimisation of occupancy costs to be implemented in the current half year
- Strategic shift in focus from acquisitive growth to driving earnings growth by leveraging DGL's extensive asset base and capabilities

Performance Challenges in H1

- Occupancy costs, increased headcount and wage inflation have impacted profitability significantly
  - An intense focus on costs, site consolidation and productivity has been initiated to rectify the cost overruns
- Ongoing weakness in our used lead acid battery (ULAB) recycling business through unsustainable price competition
  - Our ULAB recycling business has been restructured with volumes managed to optimise profitability
- Negative impact on mining product profitability through specific mine site shutdowns and disruptions
  - Successful sales initiatives undertaken to broaden our mining sector customer base and replace lost revenue
- Significant investment to simplify and fully integrate multiple systems used across the group
  - Group-wide ERP & Finance, Logistics Management and HR & Payroll systems to be implemented this calendar year
- The company expects the significant steps taken to address these cost pressures and operational issues will improve profitability in H2 FY25 and in FY26

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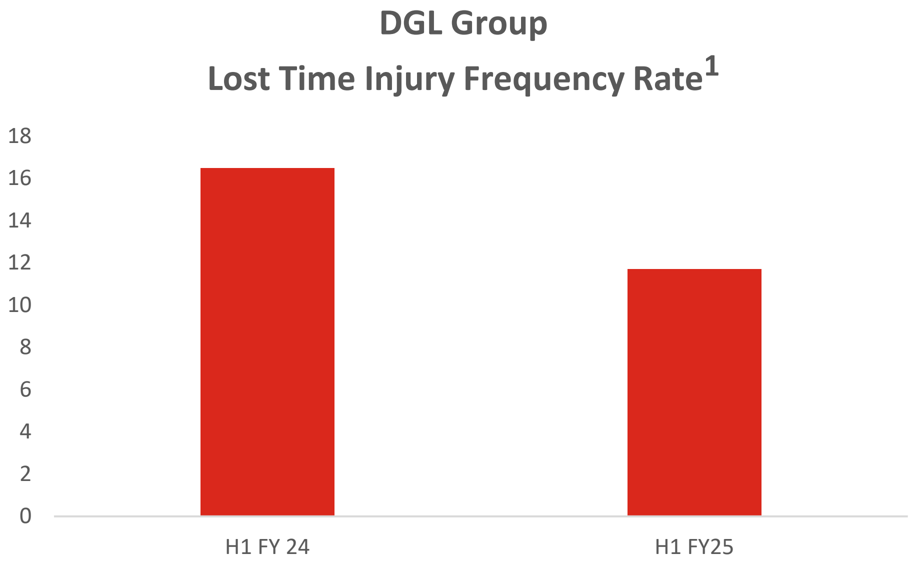
Strong Focus on Safety

DGL operates a continuously improving Health, Safety, Environmental & Quality Framework



1. LTIFR Calculation: (Number of lost time injuries in the reporting period] x 1,000,000) / (Total hours worked in the half year reporting period)

Proactive Safety Initiatives

Safety Improvement Initiatives are making a Positive Impact

DGL's Fatal Risk and Severe Consequence Risk Review and the ongoing Process Improvement Program are making a difference in the way we work while increasing the safety awareness of the workforce.

Safety Strategy

DGL regularly reviews and updates its safety strategy, creating safe and efficient workplace practices for all levels of the Group. This strategy includes Fatal Risk Reviews and HSEQ objectives to have manageable and measurable outcomes.

Integrated Management System

Integrated management system across the DGL Group focuses on continual improvement and aligns with our ISO accreditation. This is reviewed and updated to reflect the evolution of the DGL Group, with a commitment to continually improve our HSEQ practices.

Frontline Management Capability

- DGL is implementing a Frontline Management Capability program to ensure our management is aligned with the DGL Group direction.
- Managers will be provided with the knowledge and tools they need to succeed in their role and meet their obligations in this highly regulated industry.

DGL has a clear focus on delivering chemical logistics and services to essential industries in Australia, New Zealand and further afield

MANUFACTURING

Manufacturing

Key Industries

- Crop protection
- Mining
- Automotive
- Water Treatment
- Construction

Services

- Product Development
- Toll Blending
- Formulation
- Down packing
- Labels & Compliance
- Packaging

LOGISTICS

Warehousing

- Classed Dangerous Goods
- General Goods
- HACCP accredited goods
- Pick and Pack
- Container Unpacking Services
- Product Management & Relabeling

Transport

- International Transport
- Port Services
- Road Freight (intra and interstate)
- Bulk Liquids & Powders
- Steel & Oversize Freight

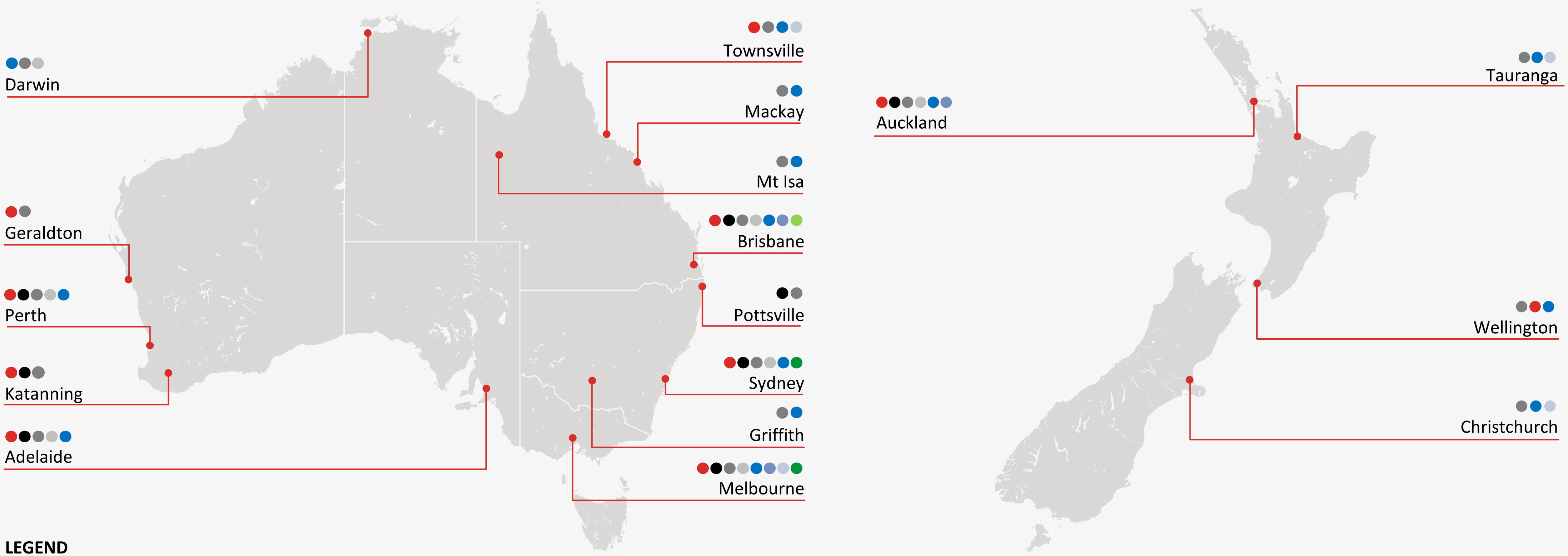
ENVIRONMENTAL

Environmental

- Waste Removal
- Liquid Waste Treatment
- Recycling
- Tank & Container Cleaning

Comprehensive Trans-Tasman Footprint Serving All Industries

DGL's extensive network supports its role as a leading provider of chemical logistics and services to essential industries in Australia and New Zealand.



LEGEND

- Warehousing
- Transport
- Global Logistics / Procurement
- Manufacturing
- Laboratory Services
- Port Services
- Labels & Packaging
- Waste Processing
- Container Cleaning & Maintenance

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Manufacturing Division

Key Highlights

- **Strong revenue growth** in Crop Protection driven by high customer demand
- **Prior investments** in the Crop Protection capacity and capability are supporting performance
- **Cross-utilisation of production sites across industries,** increasing resilience amid sector-specific challenges and building on our diversification strategy
- **Strategic acquisition** of Australian Petro Chemical Storage Pty Ltd, enhancing flammable chemical storage & manufacturing and consolidating NSW operations

Challenges

- **Automotive division margin pressure** from increased supply and pricing challenges
- **New Zealand manufacturing slowdown** continues, with industry-wide challenges persisting – particularly weak construction sales

Actions & Outlook

- **Expanded Qld manufacturing capacity** — New site to be operational in H2 FY25, moving to revenue and earnings generation phase
- **Site consolidations unlocking efficiencies**—realizing benefits from prior property disposals and consolidations
- **Ongoing cost reduction measures**—transitioning from higher-cost casual labour to a more efficient permanent workforce
- **Second Snail Bait plant** — to increase capacity and market offering, drive efficiencies in production and expand our geographic reach. Production expected to commence late H2 FY25
- **Automotive margin support**—focus on unit economics, increasing volumes to sustain profitability

Logistics Division

Key Highlights

- **Margin improvement** through investment in fleet
- **Increased fleet capability** with more efficient and sustainable trailing equipment
- **Strong customer demand** for warehousing services in SA and WA specifically
- **Diversification** across industries providing resilience amid sector-specific challenges
- **Strategic acquisition** of Enlog logistics services, with an Australia-wide service offering

Challenges

- **Write-down** of a logistics system implementation project ($1.7m) that no longer met the needs of DGL's increased scale
- **Relocation expense** to larger and more efficient warehousing in NSW to improve capacity and functionality
- **New Zealand warehousing** slowdown continues, with DGL deciding to sell and vacate the Wellington operation

Actions and Outlook

- **Implementation** of internal enhancements to Logistics Management System will be completed in H2, providing national reporting and management of the warehousing operations with substantial productivity gains
- **Strong customer demand** for seasonal work in WA and SA resulting in high utilisation of warehouses
- Additional mining transport service offering in QLD to existing manufacturing customers
- **Transport product price competition** expected to remain high in H2
- **Higher driver retention** improving utilisation and coordination of fleet
- **Strong demand** for national warehousing offering due to the Group's footprint

Environmental Division

Key Highlights

- **Revenue growth** in packaged waste treatment, driven by high customer demand and increased pricing
- **Margin improvement** in mining supply through group transport supporting customer deliveries
- **Diversification** into providing resilience amid sector-specific challenges
- **Significant progress** in regulatory approvals for a substantial increase in liquid waste treatment in NSW,

Challenges

- **Mining sector** volumes impacted by unexpected mine site shutdowns
- **Competition** remains high for the procurement of ULAB to our battery recycling plants in NSW and Victoria

Actions and Outlook

- **Managing** lead acid battery recycling cost base and throughput volumes to optimise profitability
- **New** liquid waste treatment facility in NSW expected to commence production in H1 FY26
- **Investment** in plastic shredding services to meet increased demand for package and liquid waste services
- **Sales initiatives** undertaken to broaden our mining sector customer base and replace lost revenue
- **Developing** an additional transport service to mining customers, further supporting the supply of water treatment products
- **Investment** into more efficient, higher margin water treatment manufacturing capability

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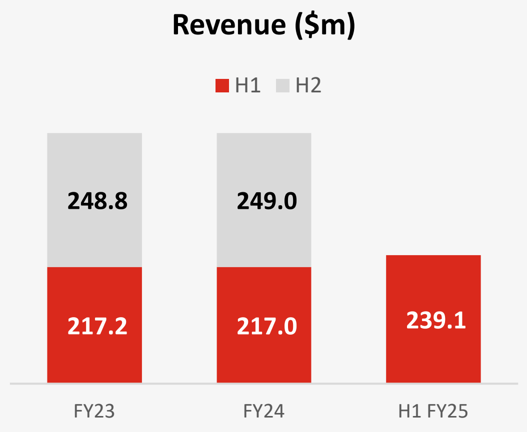
Financial Results

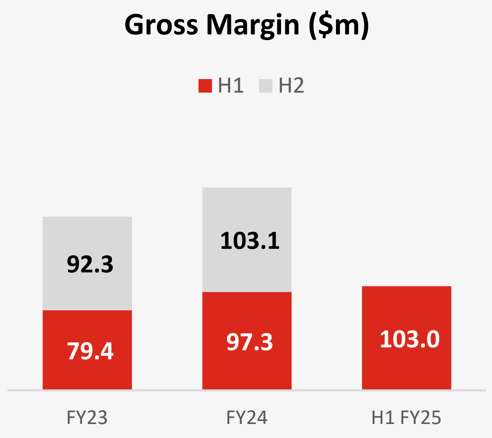
Frank Izzo (CFO)

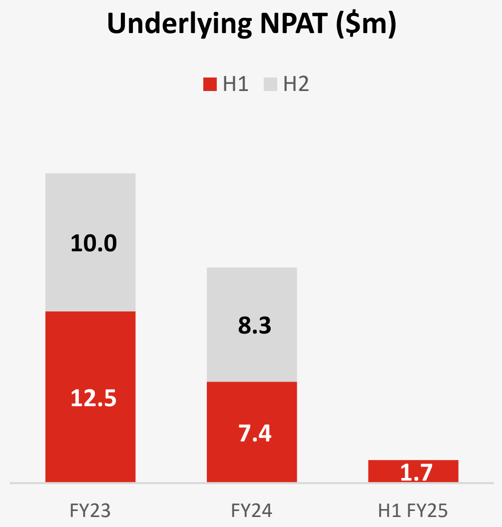
DGL

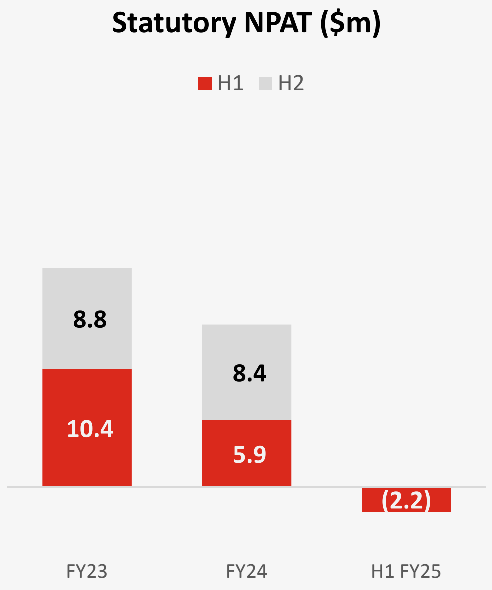
Trend Financial Performance

- H1 FY25 revenue reflects strong customer demand in the crop protection sector, offset by lower volumes in the ULAB business and reduced demand in the mining sector
- Gross margins in H1 FY25 driven by higher volumes for crop protection products and uplift from acquisitions not in pcp
- Underlying NPAT for the half impacted by increased operating expenses driven by a rise in head count and inflationary pressures
- H1 FY25 Statutory NPAT impacted by non-recurring costs
- Trend NPAT normalizing after outsized returns in FY23 resulting from supply imbalances which benefitted Manufacturing









Group Income Statement

$ millions	H1 FY25	H1 FY24	Variance
Revenue	239.1	217.0	22.1
Cost of sales	(136.1)	(119.7)	(16.4)
Gross Margin	**103.0**	**97.3**	**5.7**
Gross Margin %	43.1%	44.9%	(1.8%)
Other income	0.5	0.7	(0.2)
Expenses	(77.5)	(68.2)	(9.3)
Underlying EBITDA	**26.0**	**29.8**	**(3.8)**
Underlying EBITDA %	10.9%	13.7%	(2.8%)
Depreciation & Amortisation	(16.2)	(14.0)	(2.2)
Underlying EBIT	**9.8**	**15.8**	**(6.0)**
Net finance costs	(5.9)	(5.1)	(0.8)
Underlying Profit before tax	**3.9**	**10.7**	**(6.8)**
Tax expense	(2.2)	(3.3)	1.1
Underlying NPAT	**1.7**	**7.4**	**(5.7)**
Non recurring items	(3.9)	(1.5)	(2.4)
Statutory NPAT	**(2.2)**	**5.9**	**(8.1)**

Revenue

- Higher revenue driven by strong customer demand in manufacturing, mainly in the crop protection sector
- Offset by reduced demand in the mining sector and ongoing weakness in the lead acid battery recycling market
- Upside from acquisitions not in prior corresponding period (pcp) contributed $9.5m

Gross Margin

- Higher gross margin due to improved seasonal conditions which drove strong demand for crop protection products
- Logistics benefitted from increased warehouse capacity and fleet
- Upside from acquisitions not in pcp contributed $3.7m

Expenses

- Higher costs driven by head count increases and wage inflation
- Employee related costs were $7.6m higher than pcp with the investment in the Shared Services roll-out in the Parramatta Head Office and impact of acquisitions
- Inflationary pressures in wages and property outgoings

EBIT and Depreciation

- $2.2m increase in depreciation primarily due to expanded truck fleet and additional right of use assets through footprint expansion

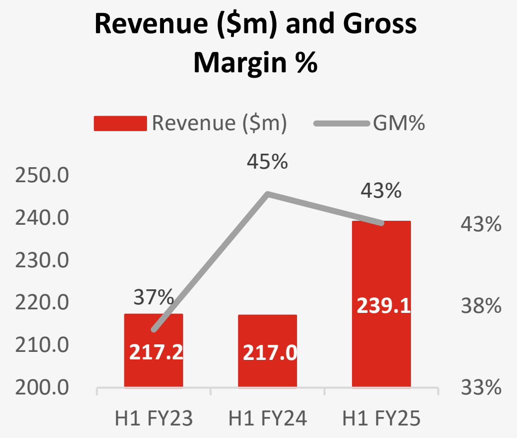
NPAT

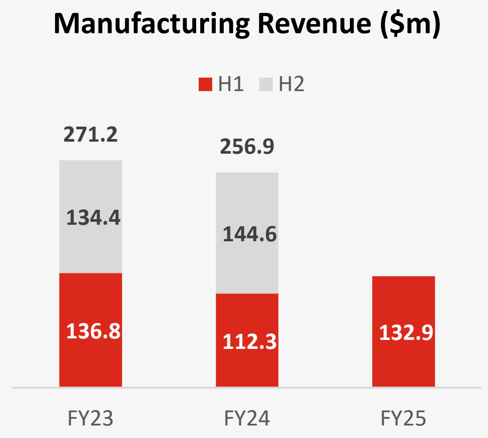
- Underlying NPAT of $1.7m, down $5.7m on pcp and excludes impact of non-recurring items of $3.9m

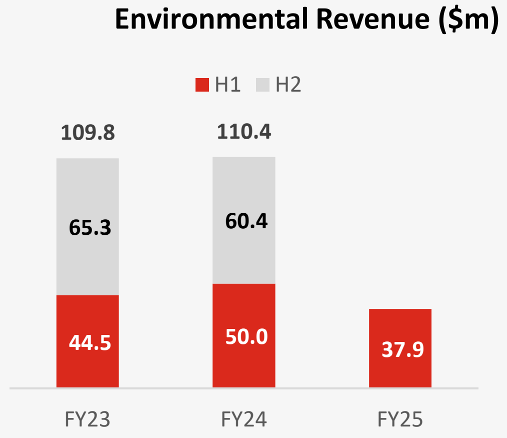
Revenue Growth

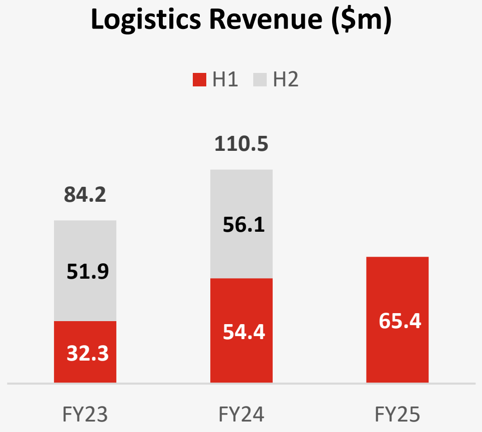
- H1 FY25 revenues[1] continuing the upward growth trend
- 2 acquisitions completed during H1 FY25, following 27 acquisitions completed from FY22 to FY24
- H1 FY25 revenue uplift of $9.5m from acquisitions not in pcp
- Strong seasonal recovery in the crop protection sector offset by softer demand for AdBlue products impacted Manufacturing revenues during H1 FY25
- Continued supply constraints for Used Lead Acid Batteries (ULABs) and reduced demand in the mining sector impacted Environmental revenues during H1 FY25
- Fleet expansion during FY24 and increased demand for warehousing supported Logistics revenues during H1 FY25

1. Total exceeds Group Revenue due to intercompany trading



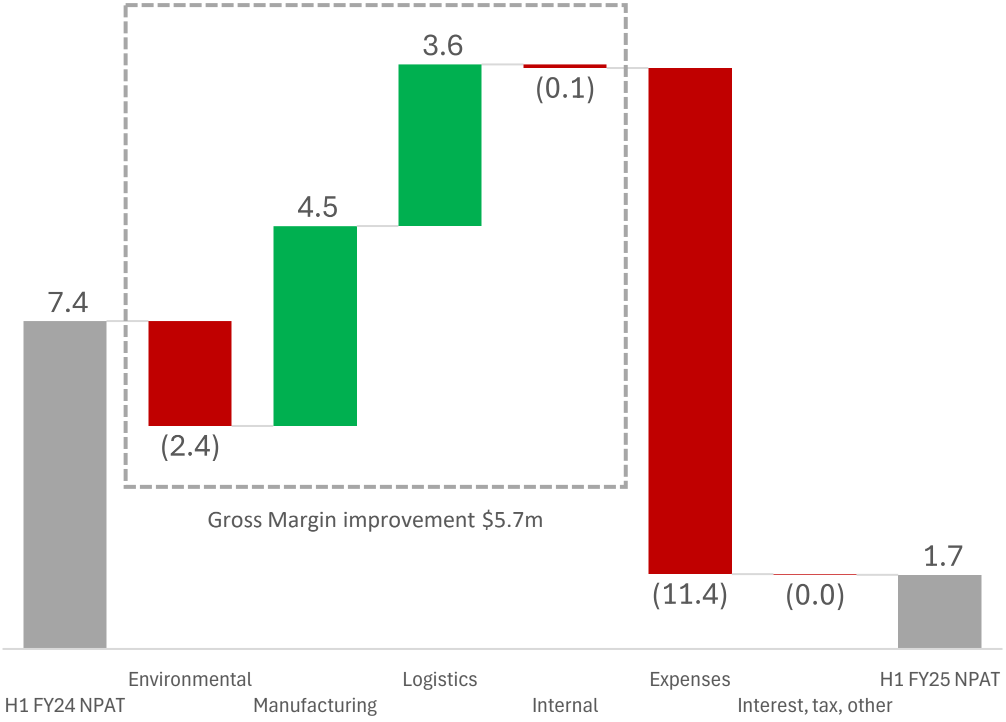






Divisional Performance

Underlying Group performance by Division - H1 FY25 vs H1 FY24 ($m)



Manufacturing

- Crop protection products benefitted from a strong cropping season recovery
- Soft demand impacted AdBlue volumes
- Margin uplift from acquisitions not in pcp, particularly Flexitech and Australian Petrochemical Storage.

Environmental

- Recycling facilities continue to be impacted by industry-wide increase in demand for used lead acid batteries
- Mining sector demand reduced due to operational disruptions at certain mining sites

Logistics

- Margin improvement driven by increased warehouse capacity and fleet
- Margin uplift from acquisitions not in pcp, particularly Enlog

Expenses

- Increased head count driven by acquisitions not in pcp
- Investment in Shared Services roll-out in the Parramatta Head Office
- Includes depreciation which increased with footprint expansion

Cost Drivers

Operating Expenses - H1 FY25 vs H1 FY24 ($m)

Growth in the cost base during the year was broadly driven by increased headcount and inflationary pressures which impacted people and property costs.

People

- Acquired employees and investment in people drove headcount increases
- Uplift in people costs from acquisitions not in pcp $2m
- Shared Services roll-out in the Parramatta Head Office is leading to increased costs due to short term duplication in selected roles
- Uplift in people costs relating to Parramatta Head Office $1.5m

Property

- Footprint expansion both organically and through acquisition
- Inflationary pressures on outgoings across all sites

Discretionary spend remains a high focus, given the fast-paced growth since listing.

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Balance Sheet

Working Capital

- The 2% increase in working capital to $64m was primarily due to increased inventory balances driven by a normalised cropping season

Assets Held for Sale

- The 71% reduction in assets held for sale to $5.9m was due to the settlement of the non-core property sale and a write down relating to a chlor-alkali construction project

Property, Plant & Equipment

- The 1.4% reduction in property, plant and equipment to $256m was driven by investment in capex, offset by the disposal of additional non-core property holdings in New Zealand

Intangibles

- The 3.6% increase in intangibles to $151m related to goodwill through the acquisitions of Enlog and APCS, offset by software write offs

Net Debt

- Net debt $102m, 10.4% lower than balance at 30 June 2024 (1.96 times net debt / underlying EBITDA)

$ millions	**H1 FY25**	**FY24**	**Variance**	**Variance %**
Cash	18.3	19.6	(1.3)	(6.8%)
Receivables	62.2	60.2	2.1	3.5%
Inventory	46.2	39.5	6.7	16.9%
Asset held for sale	5.9	20.6	(14.7)	(71.6%)
Other assets	8.0	9.1	(1.1)	(11.6%)
Current Assets	**140.6**	**149.0**	**(8.4)**	**(5.6%)**
Property, plant & equipment	256.6	260.1	(3.6)	(1.4%)
Intangibles	150.7	145.6	5.2	3.6%
Right of use assets	60.6	45.0	15.6	34.8%
Non current assets	**467.9**	**450.6**	**17.2**	**3.8%**
Total assets	**608.5**	**599.6**	**8.9**	**1.5%**
Payables	44.3	36.9	7.3	19.8%
Provisions	9.9	9.6	0.3	3.5%
Borrowings	9.9	3.7	6.2	170.9%
Current tax liabilities	7.9	6.5	1.4	20.9%
Right of use liabilities	14.7	14.5	0.2	1.5%
Other liabilities	4.8	4.8	-	0.0%
Current liabilities	**91.5**	**75.9**	**15.7**	**20.7%**
Deferred tax	16.6	16.4	0.2	1.1%
Provisions	1.2	1.1	0.1	7.8%
Borrowings	110.4	129.8	(19.4)	(14.9%)
Right of use liabilities	48.9	33.0	15.9	48.3%
Other liabilities	1.2	1.2	-	0.0%
Non current liabilities	**178.3**	**181.5**	**(3.2)**	**(1.7%)**
Total liabilities	**269.8**	**257.4**	**12.4**	**4.9%**
Net assets	**338.6**	**342.2**	**(3.6)**	**(1.1%)**
Share capital	258.5	258.1	0.4	0.1%
Retained earnings	94.5	92.2	2.4	2.6%
Reserves	(14.4)	(8.1)	(6.3)	(77.9%)
Total equity	**338.6**	**342.2**	**(3.6)**	**(1.0%)**

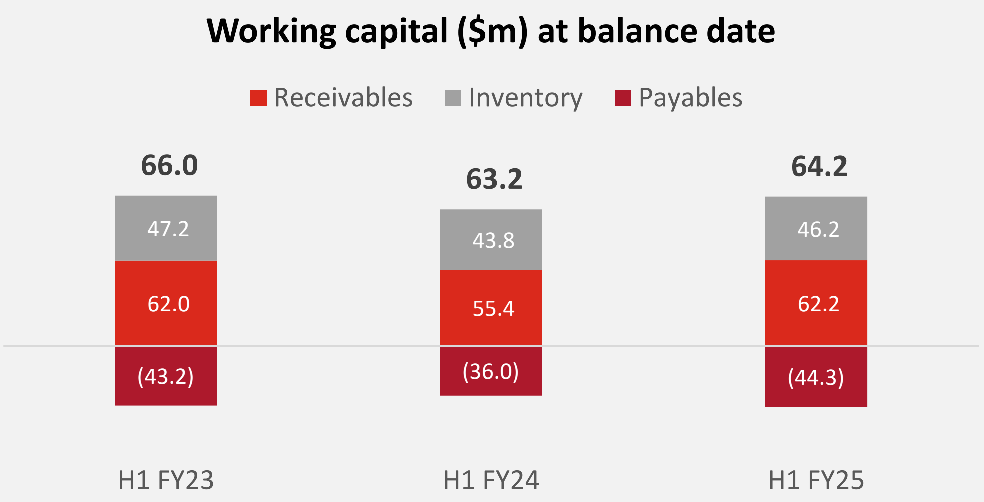
Capital Allocation & Efficiency

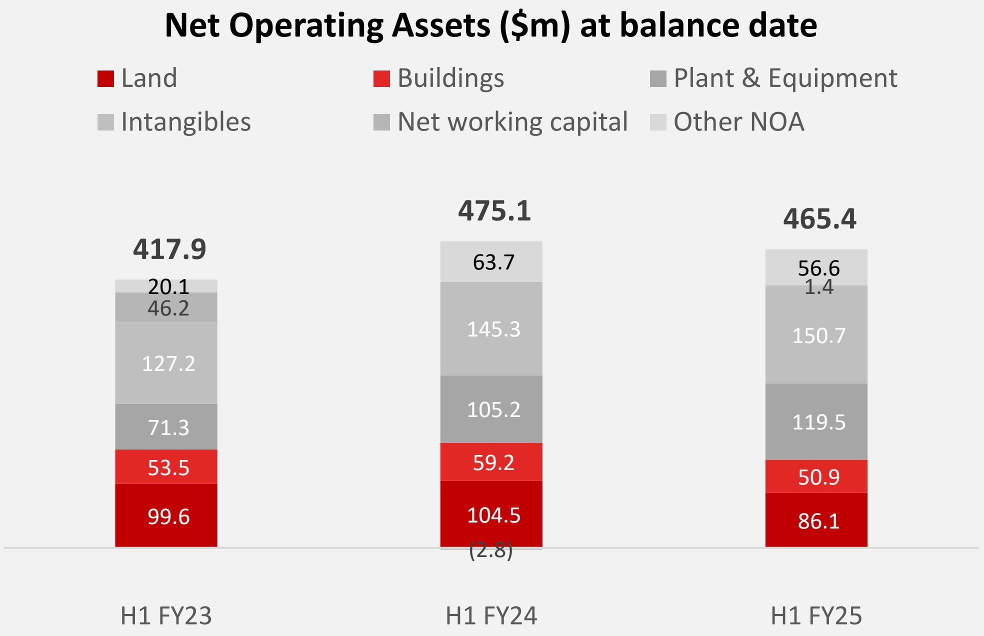
Working capital

- Cropping season recovery resulted in a normalized working capital phasing profile, in line with H1 FY23
- Disciplined working capital management despite significant increase in scale

Net Operating Assets

- Net operating assets of $465m includes $137m of strategic land & buildings
- Other operating assets mainly comprised of plant & equipment, intangibles and net working capital





Cash Flow

Operating cash flows comprised of:

- EBITDA of $26.0m
- Working capital movements of ($1.4m) comprised of:
    - Debtors $4.2m
    - Inventory ($6.7m)
    - Creditors $1.0m
- Operating cash flow of $18.1m is 6.2% down on pcp
- Operating cash conversion at 100%

Investing cash flows comprised of:

- Inflows from sale proceeds on disposal of non-core properties in New Zealand $18m
- Outflows from capex $8.5m and acquisitions of Enlog and Australian Petrochemical Storage $7.5m

Financing cash flows comprised of:

- Outflows relating to the net repayment of debt $13m
- Repayment of lease liabilities $8.5m

$ millions	**H1 FY25**	**H1 FY24**	**Variance**	**Variance %**
Operating cash flows	18.1	19.3	(1.2)	(6.2%)
Investing cash flows	2.2	(36.4)	38.6	(105.9%)
Financing cash flows	(21.6)	1.5	(23.1)	(1531.9%)
Net cash flow	**(1.3)**	**(15.6)**	**14.3**	**(91.5%)**

Strategy & Outlook

Simon Henry (CEO)

DGL

Strategic Focus

DGL is committed to its vision of being the leading provider of chemical logistics and services to essential industries in Australia and New Zealand and further afield.

- DGL has made a fundamental shift in strategy away from acquisitive growth, to focus on leveraging the Group's very extensive suite of specialised assets and capabilities
  - Our focus will remain on our core divisions of Manufacturing, Logistics and Environmental Services
  - We have substantial opportunities to improve utilisation of DGL's extensive asset base to drive earnings growth
  - Multiple pathways to expand into adjacent products, increase volumes and expand services to our growing customer base
- Strong operating cash flow available to support organic growth with a bias to debt reduction
  - Significant investments are being made to improve productivity and drive margin expansion
- Management actions have been taken, and are ongoing, to address:
  - Significant cost overruns from increased occupancy costs, headcount and inflation
  - Substantial inefficiencies through lack of integration of multiple acquired systems, processes and administrative activities

Trading Update

- Strong volumes in crop protection and pest control in H1 following improved growing conditions are continuing into H2
- Our automotive manufacturing continues to see normalisation of sales prices down to pre covid levels. There is solid customer demand for tolling services across Australia and we are seeking opportunities for volume growth
- Stabilising commodity markets are being reflected in lower raw material prices, but input price pressures remain in the Environmental Segment
- Global freight pricing in early FY25 is a challenging environment for all chemical suppliers into Australia and NZ, DGL is supporting customers through this and providing positive outcomes
- Our warehousing and transport demand remains high

Outlook for FY25

- Labour markets are softening in NZ, while continuing to remain tight across Australia
- We expect increased revenue from recent acquisitions, along with positive contributions from investments in organic growth
- Stronger commercial sales focus on leveraging our established network and capabilities to expand our share of products and services with existing and new customers
- Focus on fully utilising the warehouse capacity we increased in FY24, including by cross-selling within our expanding customer base
- Full implementation of group-wide systems initiatives and shared central services is expected to deliver operational synergies and cost efficiencies
- Intense focus on cost management and revenue opportunities from the full integration of acquisitions

Investment Highlights

- Leading supplier of chemical logistics and services to essential industries in Australia, NZ & further afield
- Operating in highly regulated industries with significant barriers to entry
- Integrated service offering providing customers with a single source solution
- Diversified across industries, products and geographies
- Significant earnings opportunities by better leveraging the substantial portfolio of assets and capabilities that have been built or acquired by the Group
- Substantial cost reduction and efficiency improvements are being implemented to improve profitability
- Experienced management team and Board to support delivery of growth outcomes

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Thank you

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