ASX RELEASE

25 February 2022

DGL reports strong first half FY22 result and highlights growth

Key highlights of the first half included:

- DGL has delivered strong growth in revenue, EBITDA and NPAT with results exceeding expectations, as pre-announced on 9 February 2022
    - $143 million of sales revenue (up 55% on pro-forma prior comparable period[1])
    - Normalised[2] EBITDA of $23 million achieved, (up 77% on pro-forma prior comparable period))
    - Statutory NPAT of $8.5 million (up 70% on pro-forma prior comparable period) (includes $2.3m of acquisition costs)
- Delivered a significant increase in scale and diversified earnings in the first half of FY22 through acquisitions and organic growth
    - Successfully delivering on our strategy of investing for growth
    - 7 acquisitions successfully integrated to expand and diversify DGL's scale, geographies, expertise and offerings
    - Stronger than anticipated quarter 2 growth across all 3 operating segments
    - This momentum is forecast to continue into the second half
- Financial position with flexibility to support continued growth
    - Net debt of $35 million
- Outlook: reconfirm earnings guidance for FY22 with forecast revenue of ~$343 million and forecast EBITDA of ~$54 million (before acquisition costs); revenue and earnings guidance is significantly better than Prospectus forecasts.

Melbourne, Australia - DGL Group Limited (ASX:DGL) (NZX:DGC), ("DGL" or the "Company"), a specialist chemicals business that manufactures, transports, stores and processes chemicals and hazardous waste, today confirmed the strong result for the first half of the 2022 financial year, including material earnings growth.

In commenting on today's results announcement, DGL Chief Executive Officer, Simon Henry, said:

"Our first half FY22 results are excellent. The results are evidence of DGL's ability to successfully execute our strategy to sustainably grow through organic growth and acquisitions of strategically positioned businesses.

"All three operating segments performed exceedingly well and is a testament to the efforts of our employees across the entire DGL Group. Despite the number of pandemic-related

[1] Prior comparable period is Jul-Dec20 pro-forma results as presented in the Prospectus historical and forecast pro-forma income statements.
[2] Normalised EBITDA excludes acquisition costs incurred in the first half of $2.3m

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challenges faced, including disrupted supply chains and lock downs, we are navigating them well. Worker safety is always paramount to our activities, and we have a COVID-19 safe plan implemented across all operations. All staff have responded in outstanding fashion helping DGL to prosper over the last six months.

"The continuing trend in onshoring of international supply in response to the pandemic, is benefiting DGL. We are seeing customers forward ordering and implementing long-term supply planning. This highlights the benefit of being a locally operated, vertically integrated speciality chemicals and dangerous goods Company that can assist across the supply chain.

"We expect DGL's Q2 momentum to carry into Q3 and Q4 with greater contributions from completed acquisitions. DGL is well positioned to continue to take advantage of opportunities across the speciality chemicals and dangerous goods value chain to continue to deliver growth in shareholder value."

Group Revenue and EBITDA

DGL delivered $143 million of sales revenue and $23 million of normalised EBITDA in the first six months of FY22. All 3 operating segments contributed to the Group's revenue and EBITDA growth.

Manufacturing

Since June 2021, DGL has acquired and integrated into the Manufacturing segment six strategically positioned businesses (Labels Connect, Opal, Profill, Aquapac, Austech and Ausblue) expanding the Chemical Manufacturing segment's manufacturing capabilities further into Agricultural, Automotive and Industrial sectors. These businesses have been successfully integrated into the DGL Group and are performing in line with management's expectations. With the knowledge, experience and intellectual property gained, the wider manufacturing segment is now able to offer additional turn-key solutions across more industries and markets.

Continued organic growth is an ongoing focus as we realise synergies from the acquisitions and further develop the business to meet the needs of our customers. Selling to our customers our expanded products, capabilities and processes will help maximise our manufacturing plant utilisation throughout Australia and New Zealand. In addition, we are continuing to see increased onshoring of chemical manufacturing in response to global supply chain issues including shipping delays, packaging constraints and various other challenges.

Warehousing and Distribution

Significant demand for DGL's warehousing and distribution services continues. In response to issues around supply chain including shipping delays, we have seen an increase in the stock holdings of DGL's customers.

In addition to the ongoing high utilisation of our existing assets, DGL successfully integrated the acquisition of Shackells Transport into the Group in December. As part of the purchase, we grew our fleet of trucks and tankers as well as our bulk liquid expertise across the

Group. A customs clearance service is being developed which aligns with DGL's strategy to increase our offering of services.

Environmental

DGL successfully commissioned the Victoria lead smelter in June 21. This has enabled DGL to convert intermediate lead materials into high value end products. The lead smelter was in operation throughout the first half.

Despite experiencing shipping and logistical challenges in the dispatch of battery materials to offshore customers, the segment recorded strong conversion of finished goods to sales.

Balance Sheet and Cash

The strong result has delivered an underlying operating cashflow of $15 million (down 8% on prior comparable period). There has been a considerable build in net working capital requirements. Inventory values have increased with seasonal inventory growth and the general trading environment. The strong trailing quarter also contributing to an increase in receivables at the end of December.

$41 million of cash investment in the 7 acquisitions and $21 million of property acquisitions have resulted in DGL having a net debt position of $35 million at the end of the first half of FY22 (compared to a net cash position of $23 million at June 21).

Trading Outlook

We expect the momentum from Q2 to carry into the second half of FY22. We reconfirm our upgraded earnings guidance of:

- FY22 revenue forecast at ~$343 million
- FY22 EBITDA forecast at ~$54 million (before deducting acquisition costs).

This guidance is significantly better than Prospectus forecasts.

Live Webcast

As previously announced, Founder and CEO, Simon Henry, will be joined by CFO, Ben Halsey, to present the 1H FY2022 results via a live webcast.

When: Friday, 25 February 2022

Time: 11:30am - 12:30pm AEDT

To attend the video briefing, please register via the following link
https://webcast1.boardroom.media/watch_broadcast.php?id=620c6f9248e20

Registered participants will receive a calendar invite and a link to the event.

There will be a live Q&A function where investors can submit their questions. Questions will be moderated.

- ENDS -

Approved for release by the Board of DGL.

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ABOUT DGL GROUP LIMITED

DGL is a long-established, founder-led, end to end chemicals business that manufactures, transports, stores and manages the processing of chemicals and hazardous waste. The Company operates a network of 54 sites, both owned and leased, across Australia and New Zealand. The Company has a strong track record of revenue and earnings growth.

DGL GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 71 002 802 646
APPENDIX 4D
HALF-YEAR REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021

1. Details of the reporting period and the prior corresponding period

Current period:	1 July 2021 - 31 December 2021
Prior corresponding period:	1 July 2020 - 31 December 2020

2. Results for announcement to the market

	Half-year ended 31 December 2021 ($'000)	Half-year ended 31 December 2020 ($'000)	Up/Down	Change (%)
Revenue from ordinary activities	143,040	50,662	Up	182%
Profit from ordinary activities after tax attributable to members	8,546	2,999	Up	185%
Total comprehensive income for the period attributable to members	9,102	25,235	Down	-64%

No dividend has been paid during the financial period or in the previous corresponding period. No dividend has been proposed or declared since the end of the reporting period.

3. Net tangible Assets

	Half-year ended 31 December 2021	30 June 2021
Net tangible assets per security (with the comparative figures for the previous corresponding period)	1.15	0.65

4. Details of entities over which control has been gained

Name of entity:	Opal Australasia Pty Ltd
Date of control:	1 September 2021
Name of entity:	Austech Chemicals Australasia Pty Ltd
Date of control:	1 December 2021

5. Attachment

The Half Year Report of DGL Group Limited for the half-year ended 31 December 2021 is attached.

6. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half Year Report.

DGL GROUP LIMITED
AND CONTROLLED ENTITIES

ABN: 71 002 802 646

Financial Report For The Half-Year Ended
31 December 2021

DGL GROUP LIMITED
AND CONTROLLED ENTITIES

ABN: 71 002 802 646

Financial Report For The Half-Year Ended 31 December 2021

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DGL GROUP LIMITED AND CONTROLLED ENTITIES
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 half-year ended 31 December 2021.

Directors

The following persons were directors of DGL Group Limited during the half-year, and at the date of this report, unless otherwise stated.

Peter Lowe	Chairman and Non-Executive Director
Simon Henry	Founder, Executive Director and Chief Executive Officer
Denise Brotherton	Non-Executive Director
Robert McKinnon	Non-Executive Director
Robert Sushames	Executive Director, General Manager - DGL Manufacturing Australia Pty Ltd

Principal Activities and Significant Changes in Nature of Activities

The DGL business was established in 1999 by current CEO and Founder, Simon Henry. Mr Henry's vision for the DGL Group was to address a gap in the market for a fully integrated end to end specialty chemicals and dangerous goods business.

DGL has now established itself as an integrated, trans-Tasman business that offers a wide range of services to its diverse customer base. Its service offering includes chemical formulation and manufacturing, warehousing and distribution, and waste management and recycling.

The Company's vision is to leverage its asset base, customer relationships, and trusted brand to further expand services offered across the full chemical lifecycle and, ultimately, develop itself as a one stop shop for its customers.

In 1H FY22, DGL delivered a significant increase in scale and further diversified earnings through the acquisition of seven businesses as well as through organic growth. All three operating segments delivered strong results in the half year.

DGL is navigating COVID-related challenges well. All of DGL’s sites have COVID-19 safe plans in place, and DGL is well positioned to take advantage of the continuing trend in onshoring of international supply and from customers forward ordering and implementing long-term supply planning.

DGL operates in three interconnected industries:

(a) Manufacturing of specialised chemicals in Australia and New Zealand

- The chemicals manufacturing industry is large and diverse. It provides materials and formulations to a range of industries, as well as supplying products to end-user consumer and industrial companies.
- The total basic chemical and chemical products manufacturing sector in Australia and New Zealand is projected to grow from $37.26 billion in 2016 to $40.82 billion in 2026.[1]

(b) Logistics and storage of dangerous goods and specialised chemicals

- Services include logistics, transportation and freight management, inventory management, packaging and warehousing. Dangerous goods, being substances that potentially pose a risk to life and health, require specialist skills and appropriate licences as incorrect storage and handling of dangerous 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 from $90.39 billion in 2016 to $111.65 billion in 2026. Within this market, it is estimated that dangerous goods logistics accounted for approximately $880 million of the Australian and New Zealand market value in 2019 (approximately 10% of the total market) and that this will grow to $1,238 million by 2026.[1]

(c) Hazardous waste management market in Australia

- The waste management industry provides services across multiple sectors including waste collection, waste transport, processing, recycling, recovery and disposal. DGL currently processes used lead acid batteries and liquid waste.
- 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.

Dividends Paid or Declared

No dividends have been paid or declared during the half-year ended 31 December 2021, or at the date of this report.

[1] Frost & Sullivan, Market report on Dangerous Goods Logistics, Contract Manufacturing of Chemicals and Hazardous Waste Management/Recycling Services Markets in Australia and New Zealand, 29 March 2021, commissioned by the Company, as disclosed in the IPO Prospectus.

DGL GROUP LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT

Review of Operations

The Group comprises three operating segments: Chemical Manufacturing, Warehousing and Distribution and Environmental Solutions.

A description of the operating segments is set out below.

Chemical Manufacturing

Segment description	DGL's Chemical Manufacturing segment produces its own range of specialty chemicals and undertakes advanced formulation and contract manufacturing on behalf of third parties. The segment provides a versatile, end to end solution for its customers. Operations are focused on deriving chemicals from complex reactions in controlled environments.
Key activities	Since June 21, DGL has acquired Opal, Profill, Aquapac, Austech and Ausblue, expanding the Chemical Manufacturing segment's manufacturing capabilities further into Agricultural, Automotive and Industrial sectors. These businesses have been successfully integrated into the DGL Group and are performing in line with management's expectations. DGL continues to focus on organic growth in the manufacturing segment through the expansion in the range of products, services and geographies, cross selling to existing and acquired customers, and through the development of capital projects.

Warehousing and Distribution

Segment description	The Warehousing and Distribution segment offers transport, logistics and warehousing services focusing on hazardous goods across Australia and New Zealand. Key components of the services provided by the segment include freight forwarding, inventory management, warehousing, and transport.
Key activities	DGL's Warehousing and Distribution segment has experienced significant demand for its services. In response to issues around supply chain including shipping delays, DGL's customers have been increasing their stock holdings, resulting in a high utilisation of warehousing and distribution assets. DGL successfully integrated the acquisition of Shackells Transport into the Warehousing and Distribution segment and the acquired business is performing in line with management's expectations. An inhouse customs clearance service has commenced increasing our international freight capabilities which aligns with DGL's strategy to cross-sell services.

Environmental Solutions

Segment description	The Environmental Solutions segment undertakes resource recovery and hazardous waste management activities. Its core activities comprise liquid waste treatment, ULAB recycling, lead smelting and refining.
Key activities	The Victoria lead smelter was commissioned in June 21. The smelter's performance has exceeded management's expectations. The other principal activities of the Environmental Solutions segment in 1H FY22 were end-of-life battery recycling and liquid waste treatment. Work continues on the new liquid waste treatment plant in NSW.

Matters Subsequent to the End of the Half-Year

On 17 January 2022, 946,403 fully paid ordinary shares were released from voluntary escrow. The shares, issued to vendors as part consideration for the acquisition of Labels Connect, which were subject to a voluntary escrow period of 6 months.

On 7 February 2022, the Company announced it had acquired an industrial property located at 57 Ashover Road, Rocklea, Queensland for a total consideration of $11 million.

On 9 February 2022, the Company issued 511,190 fully paid ordinary shares as part settlement of the final working capital adjustment in accordance with the Share Purchase Agreement in relation to the acquisition of Austech Chemicals Pty Ltd. The shares issued are escrowed for 6 months from the date of issue.

On 17 February 2022, the Company announced it was acquiring the business and assets of Australian Logistics Management Pty Ltd. The total purchase consideration is $1,250,000 and comprises of cash payment of $833,333.33 and issuance of fully paid ordinary shares in the Company with a value of $416,666.67. The shares will be issued following completion of the transaction on 28 February 2022.

On 17 February 2022, the Company announced it was acquiring the land and buildings at 7 and 7a Silicon Place, Tullamarine, Australia for $2,400,000 cash.

Likely Developments and Expected Results of Operations

The Company expects to continue to execute its business plan, in line with its strategic objectives as outlined in its 2021 Annual Report.

Auditor's Independence Declaration

A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* , is set out on page 3.

Mr Peter Lowe
Chairman
Dated: 24 February 2022

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF DGL GROUP LIMITED

In relation to our review of the financial report of DGL Group Limited for the half-year ended 31 December 2021, 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 financial period.

PKF	**Kenneth Weldin**
Melbourne, 24 February 2022	**Partner**

DGL GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 71 002 802 646
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

		Group	
	Note	31 December 2021 $000	31 December 2020 $000
Sales revenue	2	143,040	50,662
Cost of sales		(89,563)	(26,943)
		53,477	23,719
Other income	2	295	214
Covid-19 stimulus		19	78
Acquisition costs relating to business combinations		(2,341)	-
Employee benefits expense		(19,466)	(9,188)
Administration and general expenses		(7,125)	(2,893)
Legal and professional fees		(1,413)	(709)
Occupancy expense		(2,863)	(1,690)
Depreciation and amortisation expense		(7,240)	(4,350)
Finance costs		(799)	(992)
Profit before income tax		12,544	4,189
Tax expense		(3,998)	(1,190)
Net profit for the half-year		8,546	2,999
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Gain on derivative contract held as hedging instruments		63	-
Exchange differences on translating foreign operations, net of tax		493	574
Items that will not be reclassified subsequently to profit or loss:			
Revaluation gain on land and buildings, net of tax		-	21,662
Total other comprehensive income for the half-year		556	22,236
Total comprehensive income for the half-year		9,102	25,235
Net profit attributable to:			
Owners of the parent entity		8,546	2,999
		8,546	2,999
Total comprehensive income attributable to:			
Owners of the parent entity		9,102	25,235
		9,102	25,235
Earnings per share			
Basic earnings per share (cents)	4	3.25	N/A

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 31 DECEMBER 2021

		Group	
	Note	31 December 2021 $000	30 June 2021 $000
Assets			
Current Assets			
Cash and cash equivalents		16,148	43,830
Trade and other receivables	5	50,464	22,528
Inventories		32,149	14,420
Other financial assets		1,497	1,634
Other assets		6,973	3,937
Total Current Assets		107,231	86,349
Non-Current Assets			
Property, plant and equipment	7	178,032	133,221
Deferred tax assets		10,274	7,270
Intangible assets	8	86,251	27,979
Right-of-use assets	9	34,844	22,719
Total Non-Current Assets		309,401	191,189
Total Assets		416,632	277,538
Liabilities			
CURRENT LIABILITIES			
Trade and other payables	10	50,521	17,139
Lease liabilities	9	8,704	7,105
Borrowings	11	7,504	21,062
Other financial liabilities		-	100
Current tax liabilities		4,225	2,345
Provisions		5,728	3,051
TOTAL CURRENT LIABILITIES		76,682	50,802
NON-CURRENT LIABILITIES			
Other financial liabilities		-	8,481
Borrowings	11	43,345	-
Lease liabilities	9	27,246	16,754
Deferred tax liabilities		10,485	5,864
Provisions		319	366
TOTAL NON-CURRENT LIABILITIES		81,395	31,465
TOTAL LIABILITIES		158,077	82,267
NET ASSETS		258,555	195,271
EQUITY			
Issued capital	12	246,431	192,249
Reserves	16	(31,176)	(31,732)
Retained earnings		43,300	34,754
TOTAL EQUITY		258,555	195,271

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 HALF-YEAR ENDED 31 DECEMBER 2021

	Share Capital	Retained Earnings	Reserves: Asset Realisation Reserve	Reserves: Cash Flow Hedge Reserve	Reserves: Merger Acquisition Reserve	Reserves: Foreign Currency Translation Reserve	Subtotal
	$000	$000	$000	$000	$000	$000	$000
Consolidated Group							
Balance at 1 July 2020	130,615	(56,466)	933	-	(54,230)	307	21,159
Comprehensive income							
Profit for the half-year	-	2,999	-	-	-	-	2,999
Other comprehensive income for the half-year			21,662			574	22,236
Total comprehensive income for the half-year	-	2,999	21,662	-	-	574	25,235
Transactions with owners, in their capacity as owners, and other transfers							
Capital reduction as per Section 258F of the Corporations Act 2001	(44,055)	44,055	-	-	-	-	-
Total transactions with owners and other transfers	(44,055)	44,055	-	-	-	-	-
Balance at 31 December 2020	86,560	(9,412)	22,595	-	(54,230)	881	46,394
Balance at 1 July 2021	192,249	34,754	22,477	66	(54,230)	(45)	195,271
Comprehensive income							
Profit for the half-year	-	8,546	-	-	-	-	8,546
Other comprehensive income for the half-year	-	-	-	63	-	493	556
Total comprehensive income for the half-year	-	8,546	-	63	-	493	9,102
Transactions with owners, in their capacity as owners, and other transfers							
Shares issued during the half-year	54,259	-	-	-	-	-	54,259
Transaction costs net of tax	(77)	-	-	-	-	-	(77)
Total transactions with owners and other transfers	54,182	-	-	-	-	-	54,182
Balance at 31 December 2021	246,431	43,300	22,477	129	(54,230)	448	258,555

The accompanying notes form part of these financial statements.

DGL GROUP AND CONTROLLED ENTITIES
ABN: 71 002 802 646
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Group	
	31 December 2021 $000	**31 December 2020 $000**
Cash flows from operating activities		
Receipts from customers	118,659	52,151
Payments to suppliers and employees	(101,857)	(43,670)
Interest received/ other income	249	289
Finance costs	(449)	(249)
Income tax paid	(1,536)	-
Net cash generated by operating activities	15,066	8,521
Cash flows from investing activities		
Purchase of property, plant and equipment	(25,810)	(2,580)
Purchase of intangibles	(73)	(35)
Purchase of subsidiary	(21,269)	(5,050)
Purchase of business and assets	(21,542)	-
Cash acquired from acquisition of subsidiary	2,082	-
Net cash (used in) investing activities	(66,612)	(7,665)
Cash flows from financing activities		
Payments of capital raising costs	(77)	-
Repayment of borrowings - other	-	(35)
Loans from related parties - net amount (repaid)/received	(1,526)	2,520
Proceeds from borrowings	29,709	-
Repayment of lease liabilities	(4,244)	(3,500)
Net cash provided by/(used in) financing activities	23,862	(1,015)
Net increase in cash held	(27,684)	(159)
Cash and cash equivalents at beginning of financial year	43,830	1,719
Effect of exchange rates on cash holdings in foreign currencies	2	(3)
Cash and cash equivalents at end of financial period	16,148	1,557

The accompanying notes form part of these financial statements.

These consolidated financial statements and notes represent those of DGL Group Limited and Controlled Entities (the “consolidated group” or “group”).

The financial statements were authorised for issue on 24 February 2022 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* , as appropriate for 'for profit' entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard (IFRS) IAS 34 *Interim Financial Reporting.*

The interim financial reporting does not include all the notes of the type usually included in the annual financial report. It is therefore recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2021 and any public announcements made by the Company since 30 June 2021 in accordance with continuous disclosure obligations arising under the *Corporations Act 2001* .

Basis of Preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Any new, revised or amending Accounting Standards and Interpretations that are not yet mandatory have not been adopted early.

Amendments to Accounting Standards and new Interpretations that are mandatory, effective from the current reporting period

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period.

New Accounting Standards and Interpretations published but not yet adopted

There have been no new standards published but not yet adopted that would have a material impact upon either the Company's reported financial performance or its financial position.

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 company.

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.

Lease term and option to extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably certain of being exercised is a key Management judgement that the Group will make. The Group determines the likeliness to exercise on a lease-by-lease basis, looking at various factors such as which assets are strategic and which are key to the future strategy of the Group.

Impairment

In assessing 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 interest 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 within the next financial year.

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.

Long service leave

The liability for long service leave is recognised and measured as the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Note 1: Summary of Significant Accounting Policies (continued)

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 audit issues 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.

Note 2 Revenue and Other Income

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

	Note	Group 31 December 2021 $000	Group 31 December 2020 $000
Continued operations			
Revenue from contracts with customers	2a	140,556	49,568
Other sources of revenue		2,484	1,094
Total sales revenue		143,040	50,662
Other income			
- Miscellaneous income		11	205
- Interest received		8	9
- Administration revenue		144	-
- Fuel tax credits income		63	-
- Discount on Purchase		69	-
Total other income		295	214

(a) Revenue disaggregation

The revenue is disaggregated by the following divisions:

	31 December 2021 $000	31 December 2020 $000
- Environmental Solutions	45,163	26,994
- Chemical Manufacturing	73,887	5,780
- Warehousing & Distribution	21,506	16,794
	140,556	49,568

Timing of income recognition of products and services transferred to customers is at a point in time.

Note 3 Dividends

No dividends have been paid, declared or recommended for payment during the reporting period.

Note 4 Earnings per Share

	Group 31 December 2021 $000	Group 31 December 2020 $000
(a) Reconciliation of earnings to profit or loss		
Profit	8,546	2,999
Earnings used to calculate basic EPS	8,546	2,999
	No.	**No.**
(b) Weighted average number of ordinary shares outstanding during the reporting period used in calculating basic EPS	263,333	-
Weighted average number of ordinary shares outstanding during the reporting period used in calculating dilutive EPS	263,333	-
Basic earnings per share from continuing operations	3.25	N/A

Note 5 Trade and Other Receivables

	Group	
	31 December 2021	30 June 2021
	$000	$000
CURRENT		
Trade receivables	50,443	22,368
Provision for impairment	(121)	-
	50,322	22,368
Other receivables	142	160
Total current trade and other receivables	50,464	22,528

The Group applies the general approach to providing for expected credit losses prescribed by AASB 9. Under the general approach, at each reporting period, the entity would assess whether the financial instruments are credit impaired and if:

- the credit risk of the financial instrument increased significantly since initial recognition, the entity measures the loss allowance of the financial instrument at an amount equal to the lifetime expected credit losses; and
- there was no significant increase in credit risk since initial recognition, the entity measures the loss allowance of the financial instrument at an amount equal to 12-month expected credit losses.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

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

	Current	>30 days past due	>60 days past due	>90 days past due	Total
31 December 2021	**$000**	**$000**	**$000**	**$000**	**$000**
Expected loss rate	-	-	18%	100%	0.2%
Gross carrying amount	42,091	7,737	605	10	50,443
Loss allowing provision	-	-	(111)	(10)	(121)
2020					
Expected loss rate	-	-	-	-	-
Gross carrying amount	15,757	6,292	188	131	22,368
Loss allowing provision	-	-	-	-	-

	Group	
	31 December 2021	30 June 2021
(a) **Financial Assets Measured at Amortised Cost**	$000	$000
Trade and other Receivables		
— Total current	50,464	22,528
— Total non-current	-	-
Total financial assets measured at amortised cost	50,464	22,528

(b) **Collateral Pledged**

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

Note 6 Interests in Subsidiaries

(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 31 December 2021	Ownership interest held by the Group 30 June 2021
DGL Manufacturing Pty Ltd	Australia	100%	100%
DGL Warehousing & Distribution Pty Ltd	Australia	100%	100%
DGL Industries Pty Ltd	Australia	100%	100%
DGL Manufacturing Australia Pty Ltd (formerly Chem Pack Pty Ltd)	Australia	100%	100%
Labels Connect Pty Ltd	Australia	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%	-
Opal Australasia Pty Ltd	Australia	100%	-
Austech Chemicals Australasia Pty Ltd	Australia	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.

Westpac Banking Corporation holds a cross guarantee on DGL Industries Pty Ltd in relation to the guarantees provided by Westpac Banking Corporation relating to 6 warehousing leases that the Group owns.

Note 7 Property, Plant and Equipment

	Group 31 December 2021 $000	Group 30 June 2021 $000
LAND AND BUILDINGS		
Freehold land at:		
— independent valuation 2021	50,256	17,746
— at cost	26,674	13,513
Total land	76,930	31,259
Buildings at:		
— independent valuation 2021	35,256	65,267
— at cost	7,680	-
Accumulated depreciation	(1,698)	(1,158)
Total buildings	41,238	64,109
Total land and buildings	118,168	95,368

Note 7: Property, Plant and Equipment (continued)

	Group	
	31 December 2021 $000	**30 June 2021 $000**
PLANT AND EQUIPMENT		
Leasehold improvements		
At cost	633	589
Accumulated depreciation	(51)	(38)
	582	551
Plant and equipment		
At cost	56,590	43,968
Accumulated depreciation	(23,368)	(18,731)
	33,222	25,237
Motor Vehicles		
At cost	13,407	4,016
Accumulated depreciation	(1,653)	(1,340)
	11,754	2,676
Plant under construction		
At cost	14,309	9,391
Accumulated depreciation	(3)	(2)
	14,306	9,389
Total plant and equipment	59,864	37,853
Total property, plant and equipment	178,032	133,221

The Group's land and buildings were revalued at 30 June 2021 by independent valuers. At the date of this report, site works are being undertaken as required by an EPA Prevention Notice on the Tomago site and the prospective purchaser is occupying the site with an option to purchase once the Prevention Notice is lifted.

(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 reporting period.

	Land $000	**Buildings $000**	**Leasehold Improvement $000**	**Plant and Equipment $000**	**Motor Vehicles $000**	**Plant under construction $000**	**Total $000**
Group							
Balance at 1 July 2020	24,133	41,308	276	20,408	471	8,918	95,514
Additions	34	5,371	31	3,567	1,276	749	11,028
Disposals	-	5	-	(104)	(70)	-	(169)
Acquisitions through business combinations	-	-	-	3,928	281	-	4,209
Transfer (to)/from Right-of-use assets	-	-	-	(93)	1,053	-	960
Reclassification	-	-	263	-	-	(263)	-
Revaluation increments / (decrements)	7,092	17,969	-	(289)	(67)	-	24,705
Depreciation expense	-	(399)	(19)	(2,171)	(266)	(1)	(2,856)
Movement in foreign currency	-	(145)	-	(9)	(2)	(14)	(170)
Balance at 30 June 2021	31,259	64,109	551	25,237	2,676	9,389	133,221
Balance at 1 July 2021	31,259	64,109	551	25,237	2,676	9,389	133,221
Additions	10,696	7,680	44	1,376	1,054	5,232	26,082
Reclassification (i)	32,513	(32,495)	-	60	-	(70)	8
Acquisitions through business combinations (ii)	2,465	1,836	-	9,000	8,432		21,733
Disposals		-	-	(41)	(111)		(152)
Expensed		-	-			(258)	(258)
Depreciation expense	(3)	(531)	(13)	(2,351)	(303)	(1)	(3,202)
Movement in foreign currency	-	639	-	(59)	6	14	600
Balance at 31 December 2021	76,930	41,238	582	33,222	11,754	14,306	178,032

(i) The reclassification between Land and Buildings relates to the land element of the Group's New Zealand properties that were previously recorded under Buildings in the previous reporting period. Land is not depreciated by the Group.

(ii) Refer to Note 17: Business Combinations for further information.

Note 8 Intangible Assets

	Group 31 December 2021 $000	Group 30 June 2021 $000
Goodwill		
Cost	83,763	27,231
Accumulated impairment losses	-	(845)
Net carrying amount	83,763	26,386
Trademarks and licences		
Cost	354	345
Accumulated amortisation and impairment losses	(90)	(80)
Net carrying amount	264	265
Software		
Cost	1,408	1,303
Accumulated amortisation and impairment losses	(719)	(638)
Net carrying amount	689	665
Hydroproc Process		
Cost	2,217	2,217
Accumulated amortisation and impairment losses	(1,554)	(1,554)
Net carrying amount	663	663
Registrations		
Cost	872	-
Accumulated amortisation and impairment losses	-	-
Net carrying amount	872	-
Total intangible assets	86,251	27,979

Consolidated Group:

	Goodwill $000	Trademarks & Licences $000	Software $000	Hydroproc Process $000	Registrations $000	Total $000
Year ended 30 June 2021						
Balance at the beginning of the year	2,302	267	770	663	-	4,002
Additions	-	19	190	-	-	209
Disposals	-	-	(8)	-	-	(8)
Acquisitions through business combinations	24,084	-	-	-	-	24,084
Amortisation charge	-	(21)	(285)	-	-	(306)
Movement in foreign currency	-	-	(2)	-	-	(2)
	26,386	265	665	663	-	27,979
Six months ended 31 December 2021						
Balance at the beginning of the year	26,386	265	665	663	-	27,979
Additions	-	-	90	-	-	90
Disposals				-		-
Acquisitions through business combinations (i)	57,969	9	20	-	280	58,278
Reallocations	(592)		41	-	592	41
Amortisation charge	-	(10)	(110)	-	-	(120)
Movement in foreign currency			(17)	-		(17)
Closing value at 31 December 2021	83,763	264	689	663	872	86,251

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense as per the statement of profit or loss.

(i) Refer to Note 17: Business Combinations for further information.

Goodwill impairment testing

The Board is not aware of any indicators of potential impairment, determining that no impairment is required to the carrying amount of goodwill at 31 December 2021.

Note 9 Right-of-use Assets and Lease Liabilities

The Group's lease portfolio includes buildings, plant and equipment. These leases have an average of 3.6 years as their lease term.

Options to extend or terminate

Options to extend or terminate are 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 probable to be exercised have been included in the calculation of the right-of-use asset.

(i) AASB 16 related amounts recognised in the balance sheet

Right-of-use assets	**31 December 2021**	**30 June 2021**
	$000	**$000**
Leased building	52,055	36,191
Accumulated depreciation	(17,211)	(13,472)
	34,844	22,719
Total right-of-use asset	34,844	22,719

Lease liabilities	**31 December 2021**	**30 June 2021**
	$000	**$000**
Current		
Lease liabilities	8,704	7,105
Non-Current		
Lease liabilities	27,246	16,754
Total lease liabilities	35,950	23,859

Movements in carrying amounts		
Leased buildings:		
Opening net carrying amount	22,719	25,166
Addition to right-of-use asset	10,448	4,450
Acquisitions through business combinations (i)	5,655	-
Depreciation expense	(3,937)	(6,894)
Movement in foreign exchange	(41)	(3)
Net carrying amount	34,844	22,719

(i) Refer to Note 17: Business Combinations for further information.

(ii) AASB 16 related amounts recognised in the statement of profit or loss	**31 December 2021 $000**	**31 December 2020 $000**
Depreciation charge related to right-of-use assets	3,937	2,944
Interest expense on lease liabilities	350	243

	31 December 2021 $000	**31 December 2020 $000**
Total cash outflows for leases	4,244	3,500

Note 10 Trade and Other Payables

	Group	
	31 December 2021 $000	30 June 2021 $000
CURRENT		
Unsecured liabilities		
Trade payables	23,549	12,692
Sundry payables and accrued expenses	14,586	4,447
Secured liabilities		
Trade payables	12,386	-
	50,521	17,139

DGL has a secured trade finance facility in place. The drawn down facility is classified as secured trade payables above. The facility involves providing security over the future cash flows of specific trade receivables and inventories, which meet certain criteria, in return for cash finance on a contracted percentage of the security provided.

	Group	
	31 December 2021 $000	30 June 2021 $000
(a) Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
— Total current	50,521	17,139
— Total non-current	-	-
Financial liabilities as trade and other payables	50,521	17,139

Note 11 Borrowings

	Note	Group	
		31 December 2021 $000	30 June 2021 $000
CURRENT			
Secured liabilities at amortised cost:			
Bank loans	11a,b	3,509	16,130
Other loans	11a,b	3,995	4,932
		7,504	21,062
Total current borrowings		7,504	21,062
NON-CURRENT			
Secured liabilities at amortised cost:			
Bank loans	11a,b	43,345	-
		43,345	-
Total non-current borrowings		43,345	-
Total borrowings		50,849	21,062

	Group	
	31 December 2021 $000	30 June 2021 $000
(a) Total current and non-current secured liabilities:		
Bank loans	46,854	16,130
Other loans	3,995	4,932
	50,849	21,062

The bank loan carries an effective interest rate of 1.96% p.a.

In November 2021, the Group entered into a new secured term debt facility. This facility has been utilised to undertake business acquisitions, property acquisitions and developments, and to fund working capital requirements.

DGL is in full compliance with its debt facility financial covenants. All bank loans, including the trade finance facility, are secured by a charge over the assets of DGL.

(b) **Collateral provided of the Group**

ANZ Bank Limited has a charge over all assets of the Group.

Note 12 Issued Capital

	Group	
	31 December 2021 $000	30 June 2021 $000
278,090,059 fully paid ordinary shares (30 June 2021: 257,000,000 fully paid ordinary shares)	246,431	192,249
	246,431	192,249

The Group has authorised share capital amounting to 278,090,059 ordinary shares.

	Group			
Ordinary Shares	**31 December 2021**		**30 June 2021**	
	No.	**$'000**	**No.**	**$'000**
At the beginning of the reporting period	257,000,000	192,249	52,037,860	130,615
Shares issued during the reporting period	21,090,059	54,259	109,800,000	109,800
Less: capital raising costs	-	(77)	-	(4,111)
Share split during the reporting period	-	-	95,162,140	-
Capital reduction as per Section 258F of Corporations Act 2001	-	-	-	(44,055)
At the end of the reporting period	278,090,059	246,431	257,000,000	192,249

On 1 September 2021, 1,366,906 fully paid ordinary shares were issued at $2.30 per share. The share issuance was to settle the share acquisition of Opal Australasia Pty Ltd. No cash was raised.

On 1 October 2021, 909,090 fully paid ordinary shares were issued at $1.34 per share. The share issuance was to settle the acquisition of the business and assets of AA Hitech Printers Pty Ltd. No cash was raised.

On 1 October 2021, 1,428,571 fully paid ordinary shares were issued at $2.84 per share. The share issuance was to settle the acquisition of the business and assets of Aquapac Pty Ltd. No cash was raised.

On 1 October 2021, 164,688 fully paid ordinary shares were issued at $1.80 per share. The share issuance was to settle a sign on bonus and employee bonus for staff of the Company. No cash was raised.

On 1 November 2021, 3,928,571 fully paid ordinary shares were issued at $2.93 per share. The share issuance was to settle the acquisition of the business and assets of Profill Industries Pty Ltd. No cash was raised.

On 1 November 2021, 4,539,470 fully paid ordinary shares were issued at $2.93 per share. The share issuance was to settle the acquisition of the business and assets of Ausblue Group Pty Ltd. No cash was raised.

On 29 November 2021, 506,912 fully paid ordinary shares were issued at $2.38 per share. The share issuance was to settle the acquisition of the business and assets of Shackell Transport Pty Ltd. No cash was raised.

On 1 December 2021, 5,306,122 fully paid ordinary shares were issued at $2.35 per share. The share issuance was to settle the share acquisition of Austech Chemicals Australasia Pty Ltd. No cash was raised.

On 3 December 2021, 2,939,729 fully paid ordinary shares were issued at $2.40 per share. The share issuance was to settle the loan of Simon Henry post shareholders approval. No cash was raised.

Note 13 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 Solutions*

The Group's Environmental Solutions 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 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.

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.

(ii) *Chemical Manufacturing*

The Group's Chemical Manufacturing segment produces its own range of speciality chemicals and undertaken advanced formulation and contract manufacturing on behalf of third parties. The Company 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 manufactures trademark brands including the Hardman water treatment range, Alset and AdBlue.

(iii) *Warehousing and Distribution*

The Group's Warehousing and Distribution 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 Warehousing and Distribution 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. This classification was created as of 1 July 2021. Prior year comparatives have not been reclassified.

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.

Note 13: Operating Segments (continued)

(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**

Six months ending 31 December 2021	Environmental Solutions $000	Chemical Manufacturing $000	Warehousing and Distribution $000	Corporate Costs $000	Total $000
REVENUE					
External customers	45,495	75,010	22,496	39	143,040
Inter-company revenue	1,167	1,686	3,470	49	6,372
Intersegment elimination					(6,372)
Total segment revenue	46,662	76,696	25,966	88	143,040
Depreciation and amortisation	(1,348)	(2,366)	(4,485)	(95)	
Segment result from continuing operations before tax	7,337	8,620	1,567	(4,867)	12,657
Reconciliation of segment result to group net profit/loss before tax					
Intersegment elimination					(113)
Net profit before tax from continuing operations					12,544

Six months ending 31 December 2020	Environmental Solutions $000	Chemical Manufacturing $000	Warehousing and Distribution $000	Total $000
REVENUE				
External customers	27,178	5,963	17,521	50,662
Inter-company revenue	1,020	54	1,595	2,669
Intersegment elimination				(2,669)
Total segment revenue	28,198	6,017	19,116	50,662
Depreciation and amortisation	(595)	(591)	(4,048)	
Segment result from continuing operations before tax	1,910	588	1,700	4,198
Reconciliation of segment result to group net profit/loss before tax				
Intersegment elimination				(9)
Net profit before tax from continuing operations				4,189

(ii) **Segment assets**

31 December 2021	Environmental Solutions $000	Chemical Manufacturing $000	Warehousing and Distribution $000	Corporate Costs $000	Total $000
Segment assets	56,767	160,399	94,571	199,069	510,806
Segment assets include:					
- Additions to non-current assets (other than financial assets and deferred tax)	772	72,783	15,727	17,719	107,001
Reconciliation of segment assets to group assets					
Intersegment eliminations					(144,474)
Unallocated assets:					
— Goodwill on consolidation					50,300
Total group assets					416,632

Note 13: Operating Segments (continued)

30 June 2021	Environmental Solutions $000	Chemical Manufacturing $000	Warehousing and Distribution $000	Total $000
Segment assets	211,688	50,638	92,586	354,912
Segment assets include:				
- Additions to non-current assets (other than financial assets and deferred tax)	1,914	1,425	7,748	11,087
Reconciliation of segment assets to group assets				
Intersegment eliminations				(101,285)
Unallocated assets:				
— Goodwill on consolidation				23,911
Total group assets				277,538

(iii) **Segment liabilities**

31 December 2021	Environmental Solutions $000	Chemical Manufacturing $000	Warehousing and Distribution $000	Corporate Costs $000	Total $000
Segment liabilities	22,523	62,004	37,165	50,846	172,538
Reconciliation of segment liabilities to group liabilities					
Intersegment eliminations					(14,461)
Total group liabilities					158,077

30 June 2021	Environmental Solutions $000	Chemical Manufacturing $000	Warehousing and Distribution $000	Total $000
Segment liabilities	36,277	24,646	26,861	87,784
Reconciliation of segment liabilities to group liabilities				
Intersegment eliminations				(5,517)
Total group liabilities				82,267

(iv) **Revenue by geographical region**

Revenue, including revenue from discontinued operations, attributable to external customers is disclosed below, based on the location of the external customer:

	31 December 2021 $000	31 December 2020 $000
Australia	135,249	43,737
New Zealand	7,791	6,925
Total revenue	143,040	50,662

(v) **Assets by geographical region**

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

	31 December 2021 $000	30 June 2021 $000
Australia	445,433	296,229
New Zealand	65,373	58,683
Total Assets	510,806	354,912

Note 14 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 17 January 2022, 946,403 fully paid ordinary shares were released from voluntary escrow. The shares, issued to vendors as part consideration for the acquisition of Labels Connect, which were subject to a voluntary escrow period of 6 months.

On 7 February 2022, the Company announced it had acquired an industrial property located at 57 Ashover Road, Rocklea, Queensland for a total consideration of $11 million.

On 9 February 2022, the Company issued 511,190 fully paid ordinary shares as part settlement of the final working capital adjustment in accordance with the Share Purchase Agreement in relation to the acquisition of Austech Chemicals Pty Ltd. The shares issued are escrowed for 6 months from the date of issue.

On 17 February 2022, the Company announced it was acquiring the business and assets of Australian Logistics Management Pty Ltd. The total purchase consideration is $1,250,000 and comprises of cash payment of $833,333.33 and issuance of fully paid ordinary shares in the Company with a value of $416,666.67. The shares will be issued following completion of the transaction on 28 February 2022.

On 17 February 2022, the Company announced it was acquiring the land and buildings at 7 and 7a Silicon Place, Tullamarine, Australia for $2,400,000 cash.

Note 15 Related Party Transactions

Related Parties

(a) The Group's main related parties are as follows:

i. **Key Management Personnel:**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

ii. **Other Related Parties**

Other related parties include entities controlled by the ultimate parent entity and ultimate controlling party 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	
	31 December 2021 $000	30 June 2021 $000
i. ***Loans from Simon Henry and his controlled entities***		
Beginning of the reporting period	-	64,089
Loans advanced	-	3,405
Loan repayment made	-	(27,138)
Loan forgiven	-	(40,104)
Foreign exchange movement	-	(252)
End of the reporting period	-	-
ii. ***Loans from Simon Henry***		
Beginning of the reporting period	8,481	4,646
Loans advanced	-	3,543
Loan repayment made	(1,498)	(88)
Loan converted to shares (See Note 12)	(7,055)	-
Interest charged	72	380
End of the reporting period	-	8,481
iii. ***Transactions with Simon Henry and his controlled entities***		
Administration revenue charged to Simon Henry and his controlled entities	144	-
Rental and related expenses charged by Simon Henry and his controlled entities	89	-

Note 16 Reserves

a. **Foreign Currency Translation Reserve**

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

	Group	
	31 December 2021	30 June 2021
	$000	$000
Balance at the beginning of the period	(45)	307
Foreign currency movements during the reporting period	493	(352)
	448	(45)

b. **Asset Revaluation Reserve**

The asset revaluation reserve records revaluations of land and buildings.

	Group	
	31 December 2021	30 June 2021
	$000	$000
Balance at the beginning of the period	22,477	933
Asset revaluation movement during the reporting period	-	21,544
	22,477	22,477

c. **Cash Flow Hedge Reserve**

The asset revaluation reserve records revaluations of hedging instruments

	Group	
	31 December 2021	30 June 2021
	$000	$000
Balance at the beginning of the period	66	-
Asset revaluation movement during the reporting period	63	66
	129	66

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	
	31 December 2021	30 June 2021
	$000	$000
Balance at the beginning of the period	(54,230)	(54,230)
	(54,230)	(54,230)

	Group	
	31 December 2021	30 June 2021
	$000	$000
Total Reserves		
Foreign Currency Translation Reserve	448	(45)
Asset Revaluation Reserve	22,477	22,477
Cash Flow Hedge Reserve	129	66
Merger Acquisition Reserve	(54,230)	(54,230)
	(31,176)	(31,732)

Note 17 Business Combinations

Finalisation of acquisition of DGL Manufacturing Australia Pty Ltd (formerly known as Chem Pack Pty Ltd)

At 30 June 2021, provisionally determined values were reported. Subsequent to 30 June 2021, the final fair values for the business combination were determined. The final fair value of the identifiable assets and liabilities as at the date of acquisition were:

	Provisional Fair Value at 30 June 2021 $'000	Adjustments to Provisional Fair Value $'000	Final Fair Value $'000
Assets			
Cash and cash equivalents	2,090	-	2,090
Receivables	12,536	-	12,536
Inventories	6,233	-	6,233
Other current assets	180	-	180
Property, plant and equipment	4,474	-	4,474
Deferred tax assets	461	-	461
Right-of-use assets	4,970	-	4,970
Intangible assets	174	592	766
	31,118	592	31,710

	Provisional Fair Value at 30 June 2021 $'000	Adjustments to Provisional Fair Value $'000	Final Fair Value $'000
Liabilities			
Trade and other payables	8,846	-	8,846
Borrowings	5,407	-	5,407
Current tax liabilities	517	-	517
Deferred tax liabilities	526	-	526
Provisions	1,298	-	1,298
	16,594	-	16,594
Total identifiable net assets at fair value	**14,524**	**592**	**15,116**
Goodwill arising on acquisition	23,911	(592)	23,319

Summary of Business Combinations during the reporting period

During the financial reporting period, the Group acquired 100% of the share capital of two companies as well as the business and assets of a further five companies.

	Fair Value $'000
Purchase consideration	
- Cash	42,806
- Contingent consideration	500
- Ordinary Shares	46,906
Settled via cash and shares post year end	2,977
	93,189
Less:	
- Cash and cash equivalents	2,082
- Receivables	3,563
- Inventories	9,102
- Other current assets	273
- Prepayments	1,236
- Consumables	363
- Other assets	504
- Bond deposit	224
- Right-of-use assets (see note 9)	5,655
- Property, plant and equipment (see note 7)	21,733
- Deferred tax assets	141
- Intangible assets (see note 8)	309
- Trade and other payables	(1,358)
- Provisions	(2,771)
- Deferred tax liabilities	(102)
- Income in advance	(7)
- Lease liability	(5,655)
Identifiable assets acquired and liabilities assumed	35,292
Goodwill/(bargain purchase) provisionally accounted for	57,897

Note 17: Business Combinations (continued)

(a) Acquisition of Opal Australasia Pty Ltd

On 1 September 2021, the Company acquired 100% of Opal Australasia Pty Ltd. Opal is a well-regarded independent chemical manufacturer operating in Western Australia.

The total acquisition price was $11,409,886, of which $8,266,002 was settled with cash and $3,143,884 settled via shares.

	Fair Value $'000
Purchase consideration	
- Cash	8,266
- Ordinary Shares (i)	3,144
	11,410
Less:	
- Cash and cash equivalents	1,548
- Receivables (ii)	40
- Inventories	167
- Other current assets	90
- Property, plant and equipment	5,289
- Deferred tax assets	80
- Intangible assets	280
- Trade and other payables	(206)
- Provisions	(208)
Identifiable assets acquired and liabilities assumed	7,080
Goodwill (iii) provisionally accounted for	4,330

(i) The consideration paid to acquire Opal Australasia Pty Ltd includes 1,366,906 fully paid ordinary shares issued in the Group. The fair value of the shares in the Group has been determined based on the current market price of the shares at the date of acquisition.

At 31 December 2021, there were no outstanding amounts to the vendors of Opal Australasia Pty Ltd.

(ii) The directors believe the receivables are fully recoverable and no provision for impairment is required.

(iii) The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise after the Group's acquisition of Opal Australasia Pty Ltd.

No amount of goodwill is deductible for tax purposes.

(b) Acquisition of Austech

On 1 December 2021, the Company acquired 100% of Austech Chemicals Australasia Pty Ltd. Austech supplies an extensive range of non-oil automotive chemicals and the company also offers toll blending and chemical manufacturing services to industrial, agricultural, water treatment chemical customers.

The total acquisition price was $28,272,837, of which $13,000,000 has already been settled with cash and $12,469,387 settled via shares. The remaining $2,803,450 is to be settled via cash and shares once all completion adjustments have been finalised as noted in the Austech share purchase agreement. The final settlement is expected to be paid prior to 30 June 2022.

	Fair Value $'000
Purchase consideration	
- Cash	13,000
- Ordinary Shares (i)	12,469
Settled via cash and shares post year end	2,803
	28,272
Less:	
- Cash and cash equivalents	534
- Receivables (ii)	3,523
- Inventories	2,509
- Other current assets	183
- Property, plant and equipment	1,730
- Deferred tax assets	61
- Right-of-use assets	5,655
- Lease liability	(5,655)
- Trade and other payables	(1,149)
- Provisions	(896)
- Deferred tax liabilities	(101)
Identifiable assets acquired and liabilities assumed	6,394
Goodwill (iv) provisionally accounted for	21,878

Note 17: Business Combinations (continued)

(i) The consideration paid to acquire Austech Chemicals Pty Ltd includes 5,306,122 fully paid ordinary shares issued in the Group on 1 December 2021 and a further 511,190 fully paid paid ordinary shares issued in the Group on 9 February 2022.

(ii) As at 31 December 2021, there was $2,803,450 that remains payable to the vendors of Austech Chemicals Australasia Pty Ltd, as noted above.

(iii) The directors believe the receivables are fully recoverable and no provision for impairment is required.

(iv) The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise after the Group's acquisition of Austech Chemicals Australasia Pty Ltd.

No amount of goodwill is deductible for tax purposes.

(c) Acquisition of business and assets from AA Hitech Printers Pty Ltd

On 1 July 2021, DGL Manufacturing Australia Pty Ltd acquired the business and assets of AA Hitech Printers Pty Ltd (Labels Connect). Labels Connect has a history in label production and with its acquisition, the Group has acquired an assembled workforce which have a deep understanding of label production, from procurement, licenses, design, customer requirements and production.

The total acquisition price was $1,765,213, of which $547,032 was settled with cash and $1,218,181 settled via shares.

	Fair Value $'000
Purchase consideration	
- Cash	547
- Ordinary Shares [(i)]	1,218
	1,765
Less:	
Assets	
Inventories	10
Prepayments	8
Property, plant and equipment	120
Intangible assets	20
Right-of-use assets	55
	213
Liabilities	
Provisions	(15)
	(70)
Goodwill [(ii)] provisionally accounted for	1,622

(i) The consideration paid to acquire the business and assets of AA Hitech Printers Pty Ltd includes 909,090 fully paid ordinary shares issued in the Group. The fair value of the shares in the Group has been determined based on the current market price of the shares at the date of acquisition.

(ii) The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise after the Group's acquisition of the business and assets of AA Hitech Printers Pty Ltd.

No amount of goodwill is deductible for tax purposes.

Note 17: Business Combinations (continued)

(d) Acquisition of business and assets from Aquapac Pty Ltd

On 1 October 2021, DGL Manufacturing Pty Limited acquired the business and assets of Aquapac Pty Ltd (Aquapac). Aquapac manufactures and supplies a wide range of quality chemicals to bother International and Australian markets, with specific focus on water treatment chemicals to industry and local government across Australia. Aquapac has manufacturing facilities in both Queensland and New South Wales and offers a full chemical blending and packing service for many of its clients, they also manufacture a wide range of products to customer specifications.

The total acquisition price was $7,935,920, of which $3,878,778 was settled with cash and $4,057,142 settled via shares.

	Fair Value $'000
Purchase consideration	
- Cash	3,879
- Ordinary Shares (i)	4,057
	7,936
Less:	
Assets	
Inventories	1,416
Prepayments	11
Property, plant and equipment	910
	2,337
Liabilities	
Payables	(3)
Provisions	(164)
	(167)
Goodwill (ii) provisionally accounted for	5,766

(i) The consideration paid to acquire the business and assets of Aquapac Pty Ltd includes 1,425,571 fully paid ordinary shares issued in the Group. The fair value of the shares in the Group has been determined based on the current market price of the shares at the date of acquisition.

(ii) The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise after the Group's acquisition of the business and assets of Aquapac Pty Ltd.

No amount of goodwill is deductible for tax purposes.

(e) Acquisition of business and assets from Ausblue Group Pty Ltd, Ausblue Pty Ltd and AdBlue Transport Pty Ltd (Ausblue)

On 1 October 2021, DGL Ausblue Pty Ltd acquired the business and assets of Ausblue Group Pty Ltd, Ausblue Pty Ltd and AdBlue Transport Pty Ltd, collectively known as Ausblue. Ausblue is the market leader in AdBlue distribution in Australia and is currently expanding into the coolant market.

The total acquisition price was $19,956,080, of which $6,655,433 was settled with cash and $13,300,647 settled via shares.

	Fair Value $'000
Purchase consideration	
- Cash	6,655
- Ordinary Shares (i)	13,301
	19,956
Less:	
Assets	
Inventories	3,106
Consumables	363
Prepayments	1,217
Bond deposits	224
Other assets	135
Property, plant and equipment	3,331
Intangible assets	10
	8,386
Liabilities	
Income in advance	(7)
Provisions	(610)
	(617)
Goodwill (ii) provisionally accounted for	12,187

Note 17: Business Combinations (continued)

(i) The consideration paid to acquire the business and assets of Profill Industries Pty Ltd includes 4,539,470 fully paid ordinary shares issued in the Group. The fair value of the shares in the Group has been determined based on the current market price of the shares at the date of acquisition.

(ii) The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise after the Group's acquisition of the business and assets of Ausblue Group Pty Ltd, Ausblue Pty Ltd and AdBlue Transport Pty Ltd.

No amount of goodwill is deductible for tax purposes.

(f) Acquisition of business and assets from Profill Industries Pty Ltd

On 1 November 2021, DGL Manufacturing Australia Pty Ltd (formerly known as Chem Pack Pty Ltd) acquired the business and assets of Profill Industries Pty Ltd (Profill). Profill deals in chemical manufacturing with specific focus on contract manufacturing, blending and packing of home & garden, fertiliser, agricultural and industrial chemicals to both International and Australian markets.

The total acquisition price was $14,616,530, of which $2,605,817 was settled with cash and $11,510,713 settled via shares. $500,000 is still owing as deferred consideration to be paid as cash and based on certain conditions as stipulated in the agreement.

	Fair Value $'000
Purchase consideration	
- Cash	2,606
- Contingent consideration	500
- Ordinary Shares (i)	11,511
	14,617
Less:	
Assets	
Inventories	1,411
Property, plant and equipment	1,408
	2,819
Liabilities	
Provisions	(385)
	(385)
Goodwill (ii) provisionally accounted for	12,183

(i) The consideration paid to acquire the business and assets of Profill Industries Pty Ltd includes 3,928,571 fully paid ordinary shares issued in the Group. The fair value of the shares in the Group has been determined based on the current market price of the shares at the date of acquisition.

(ii) The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise after the Group's acquisition of the business and assets of Profill Industries Pty Ltd.

No amount of goodwill is deductible for tax purposes.

(g) Acquisition of business and assets from Shackell

On 1 November 2021, DGL Warehousing and Distribution Pty Ltd acquired the business and assets of Shackell Transport Pty Ltd (Shackell). Shackell operates a fleet of 28 Kenworth & Volvo prime movers, 22 bulk liquid tankers and 31 trailers.

The total acquisition price was $9,233,196, of which $8,026,745 was settled with cash and $1,206,451 settled via shares. The remaining $173,598 is to be settled via cash once all completion adjustments have been finalised as noted in the Shackell Business Asset Sale Agreement. The final settlement is expected to be paid prior to 30 June 2022.

	Fair Value $'000
Purchase consideration	
- Cash	7,853
- Ordinary Shares (i)	1,206
Settled via cash and shares post year end	174
	9,233
Less:	
Assets	
Inventories	483
Other assets	369
Property, plant and equipment	8,943
	9,795
Liabilities	
Provisions	(493)
	(493)
Bargain Purchase provisionally accounted for	(69)

(i) The consideration paid to acquire the business and assets of Shackell Transport Pty Ltd includes 506,912 fully paid ordinary shares issued in the Group. The fair value of the shares in the Group has been determined based on the current market price of the shares at the date of acquisition.

(ii) At 31 December 2021, $173,598 remains payable to the vendors of Shackell Transport Pty Ltd, as noted above.

DGL GROUP LIMITED AND CONSOLIDATED 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 4 to 26, are in accordance with the Corporations Act 2001 and:
   (a) comply with the Corporations Act 2001, Accounting Standard (AASB) 134 "Interim Financial Reporting", the Corporations Regulations 2001 and other mandatory professional reporting requirements.
   (b) give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date;
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

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

Director **Mr Peter Lowe**

Dated this 24 February 2022

DGL GROUP LIMITED

CORPORATE DIRECTORY

Directors

Peter Lowe	Chairman and Non-Executive Director
Simon Henry	Founder, Executive Director and Chief Executive Officer
Denise Brotherton	Non-Executive Director
Robert McKinnon	Non-Executive Director
Robert Sushames	Executive Director, General Manager - DGL Manufacturing Australia Pty Ltd

Company Secretary

Andrew Draffin

Registered Office

DGL Group Limited
Level 4, 91 William Street
Melbourne Vic 3000

Principal Place of Business

DGL Group
Head Office
Level 4, 91 William Street
Melbourne Vic 3000

DGL Warehousing and Distribution
739 Progress Road
Wacol, QLD 4076
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

Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney, NSW 2000

Auditor

PKF Melbourne Audit & Assurance Pty Ltd
Level 12, 440 Collins Street
Melbourne Vic 3000

Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited and NZX Limited.

Website

Http://www.dglgroup.com/

PKF

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DGL GROUP LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of DGL Group Limited (the Company) and its subsidiaries (collectively, the Group), which comprises the consolidated statement of financial position as at 31 December 2021, and 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 half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of DGL Group Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance for the half-year ended on that date; and

(b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors' of the Group a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors' of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Regulations 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of DGL Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF

PKF
Melbourne, 24 February 2022

Kenneth Weldin
Partner