

ASX RELEASE

28 November 2025

DGL Group Limited **2025 Annual General Meeting** **Chairman's Address**

Good afternoon, and thank you for joining DGL's 2025 Annual General Meeting.

We are holding the AGM as an online meeting to allow the broadest access for our shareholders.

As we have stated previously, FY25 was a transitional year for DGL, and this has proved true in more ways than one. Our business performance and our operational transformation has been overshadowed by a disclaimed audit opinion and the resulting suspension from trading on the ASX. I'll refer to our operating performance briefly before discussing the audit and ASX listing situation.

FY25 in Review

Revenue increased to \$481.5m in FY25, with gross margins improving 1.7% to \$203.9m. Cash flow from operations was strong, generating \$44.7m in FY25, up 26.8% on FY24.

We had a relatively a strong performance in Manufacturing, increased Logistics revenues and contribution from acquisitions. Headwinds included cost pressures, increased competition for used lead acid batteries, resulting in losses in that segment, normalising in pricing for Adblue automotive products and reduced demand in the mining sector.

In response, DGL has discontinued lead battery recycling at its Laverton Victoria facility, which has since been sold, and consolidated battery recycling operations at DGL's Unanderra, NSW facility.

Underlying EBITDA in FY25 was \$52.1m, down 18% on FY24. Restructure costs and one-off items including the write-downs of purchased goodwill, plant and equipment and software resulted in an underlying statutory net loss after tax of \$27.9m in FY25.

We've received several questions relating to dividends and buy-backs. We understand the value of dividends for some shareholders, and the value of buy-backs to increase earnings per share. As in the past, our intention in the medium term is to reinvest our cash-flow back into the business to drive our growth strategy. We have paused acquisitions in the current environment, but we are continuing with selective investments to increase capacity to generate longer term shareholder value.

Notwithstanding the current suspension, we are very conscious that our share price has been below the Company's IPO price and that many shareholders have experienced a negative return on DGL shares. We can't give a timeframe on share price recovery after we regain quotation, but we are working hard to deliver the performance required to drive positive shareholder returns.

Audit Opinion

DGL received a Disclaimer of Opinion from its auditor PKF for the financial year ended 30 June 2025. The Disclaimer of Opinion relates principally to stocktake variances at two sites and to identified

internal control weaknesses. As a result of the disclaimer opinion, DGL's shares are suspended from trading on the ASX.

The Board recognises the seriousness of this matter and the concerns it raises for our shareholders and other stakeholders.

DGL does not disagree with the key audit matters raised by the auditor or that a modification of opinion was warranted in the circumstances. However, DGL does not agree with the rationale for the final disclaimer opinion issued by the auditor.

The Board has confidence in the integrity of the financial information presented in DGL's FY25 Annual Report. The auditor's substantive procedures did not identify any material audit adjustments, other than adjustments to lease accounting and an inventory write-down, which DGL recognised in its FY25 accounts. Nor did the audit process identify material misstatements arising from any control failures, which supports the Board's confidence in the underlying integrity of the financial records.

DGL continues to make substantial investments in strengthening its control environment, including implementing our new ERP system which will provide enhanced controls and reporting capabilities across the Group.

Fraud Incident

As we've disclosed, DGL experienced a fraud incident in August 2024 by an individual in a newly acquired business. The incident wasn't financially material, so it wasn't announced at the time.

After taking steps to limit the individual's access to systems, we advised our Auditor and investigated the incident. The individual immediately admitted to the fraud and offered to repay the funds. There was no evidence found at the time or since of other fraud in the business.

After carefully assessing the situation, it was evident that the individual held key customer relationships and market IP that was of far more value to DGL than the potential loss. After extensive further consideration, we made a commercial decision to retain the individual for an interim period, in a more junior role and with restricted system access. During this period key customer relationships and market IP was transferred to others in DGL.

At our auditor's request, we engaged a forensic accountant to investigate the fraud incident. The independent investigation did not identify evidence of any additional fraudulent transactions by the individual other than those identified by DGL.

The result of this managed process was the recovery of 70% of the lost funds, with a net loss of \$132,000. Importantly, we successfully protected key customer relationships worth far more to DGL in terms of shareholder value. The individual has since left DGL and the business he was employed in continues to perform strongly.

ASX Listing

The Board knows that the extended period of suspension from the ASX is a major concern for shareholders and we have been working constructively with the ASX to achieve reinstatement to quotation at the earliest opportunity.

The ASX has confirmed that an audit report on the Half Year period 31 December 2025 will be acceptable to the ASX, on the basis that there are no modifications of a pervasive nature. This will allow ASX to reinstate DGL's securities to quotation, subject to ASX being satisfied that DGL is in compliance with the Listing Rules at the time.

We expect this will occur by the end of February 2026 or in March 2026. This is the shortest path we have found to lifting the suspension, and we will update the market if there is any change to this timetable.

Integration & Systems

Over the last year we've had a focus on the comprehensive integration of some 30 recent business and asset acquisitions. This includes operational integration, as well as integration of the multitude of systems used by the businesses acquired by DGL in recent years.

Group-wide ERP & Finance, Logistics Management and HR & Payroll systems will replace over 30 stand-alone systems, leading to cost savings, productivity gains, better management information, improved internal controls and improved customer service in FY26.

As many companies experience, the ERP system implementation is taking longer than planned, but the project is progressing well. The first phase of implementing these three group-wide systems will be completed by the end of this calendar year, with full implementation expected in the first half of 2026.

Property Strategy

We continue to take a pragmatic approach with our property strategy, where we like to own and control properties that are critical to our operations due to having licences or where we have specialised manufacturing or processing facilities. We are agnostic about owning generic property such as warehouses. As we've announced, we have sold three non-core properties in the current half year with net proceeds of approximately \$25.6 million, above the combined book value.

Debt Facility

DGL operates with a moderate level of debt, and the Company is within its banking covenants. We note that the proceeds from the property sales that I've just referred to, have recently been applied to reducing DGL's net debt by approximately 22%.

We acknowledge and we appreciate the continued support of our bank syndicate through this period.

Board and Management

We are very pleased to welcome Liz Smith as an independent non-executive director. Liz joined the Board in March this year and brings strong finance, accounting, governance and other skills, and has recently become Chair of our Audit & Risk Committee. We now have a majority of independent directors on the Board.

I'd like to thank Robert Shushames, who left DGL earlier this year, for his long contribution to DGL as an executive director.

We are commencing a recruitment process for the CFO role. We are grateful to Gagan Singh our financial controller who has stepped into this role on an interim basis.

Remuneration Report

Before moving to closing remarks, it is appropriate to comment on proxy voting on our remuneration report. The Board works hard to ensure that executive pay is appropriate and is aligned with the objectives of the business. We believe our remuneration practices are in line with the size of DGL's business and the industries that we operate in.

We have received a high proportion of proxies voting against the Remuneration Report, and subject to voting at the meeting today, it seems likely we will receive a first strike.

Consultation with some shareholders indicates the negative vote in part reflects frustration regarding our general financial performance, and in particular the difficult circumstances with suspension from quotation on the ASX. We understand this frustration, and we take the vote against the Remuneration Report seriously.

Closing remarks

We are proud of the critical role played by DGL in supporting industry across Australia and New Zealand. There is no shortage of challenges in delivering our wide range of services, given the cost pressures in the economy and the general business pressures facing DGL's more than 5,000 customers in Australia and New Zealand.

I would like to thank the Board, the management team and in particular the dedicated employees across the DGL Group who work hard to serve our customers while keeping our operations safe and protecting the community and the environment. I thank them all for their efforts.

Finally, I would like to thank the shareholders for their support and their patience while we work through this period. We are working hard to resolve the current suspension and audit position, while also improving our performance to deliver the returns you are looking for.

I will now hand over to Simon Henry, our Chief Executive to provide an update on the business and the outlook for the current financial year.

This announcement was authorised by the Board of DGL Group Limited.

Investor Enquiries

Barbara Furci
info@dglgroup.com
+61 487 962 595

ABOUT DGL GROUP LIMITED

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