

ASX RELEASE

14 October 2021

DGL expands into automotive industry through acquisition of AUSblue

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

AUSblue is a market leader in the manufacturing and distribution of AdBlue[®], a diesel exhaust fluid that removes harmful nitrous oxides and helps reduce emissions. AUSblue currently produces over 50 million litres of AdBlue per year for its 628 active customers in the mining, transport and government sectors, as well as to major fuel retailers across Australia.

The company has a strong Australia wide network, with seven manufacturing sites, and a fleet of ten bulk liquid transport vehicles. The acquisition will complement DGL's existing AdBlue[®] business in New Zealand and bring additional scale and capabilities to the chemical manufacturing division, enabling DGL to service large corporate customers across Australia and New Zealand.

Founder and CEO of DGL, Simon Henry, said: "I am pleased to announce the acquisition of AUSblue, which also marks our expansion into a completely new industry, the automotive formulation industry. This is a significant move for DGL, and one that is completely aligned to our growth strategy to diversify and broaden our service offerings across Australia and New Zealand.

Acquiring the leading manufacturer and distributor of AdBlue[®] gives us a significant foothold in the automotive industry, with access to almost all meaningful customers that require the formulation of this chemical. We also see a significant opportunity for our Warehousing and Distribution and Environmental divisions to pick-up additional business from this acquisition."

Included in the acquisition price are transport vehicles and strategic property leases. These assets will complement DGL's portfolio and bring synergies to the group's logistics, which will bring efficiencies coupled with the opportunity to expand further into the automotive chemical sector.

Commenting on further expansion in the automotive formulation industry, Mr Henry added: "We are currently reviewing other companies in the sector, with the view to grow market share both organically and through acquisition."

The acquisition price consists of:

- (a) a cash payment of \$2,2M; and

(b) the issue of 4,539,470 fully paid ordinary shares in the capital of DGL. At the time the parties negotiated the conditional commercial terms in August 2021, the consideration represented a valuation of 2.5 x FY21 normalised EBITDA, and based on the current market price of DGL shares, a valuation of 4.3 x FY21 normalised EBITDA.

Staff and management will be retained to continue to drive growth in the AUSblue business, as part of the broader DGL Group.

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Approved for release by the Board of DGL.

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ABOUT DGL GROUP LIMITED

DGL is a well-established, founder-led, end to end chemicals business that manufactures, transports, stores and manages the processing of chemicals and hazardous waste. The Company operates a network of 486 sites, both owned and leased, across Australia and New Zealand. The Company has a strong track record of revenue and earnings growth. Total pro-form revenue was \$180.1 million in FY20 and is forecast to increase to \$207.7 million in FY22.