

ASX RELEASE

5 July 2021

DGL announces strategic acquisition of Labels Connect

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 a small but strategic acquisition of the digital label printing business, Labels Connect.

Labels Connect is the main supplier of packaging labels to DGL's Chem Pack business which produces around 10 million products and packages per annum, including imported products which require new labels for the Australian and New Zealand markets. Labels Connect currently produces one million labels per month and DGL is its main customer, at around 70 per cent of its revenue.

Founder and CEO of DGL, Simon Henry, said: "This acquisition is an important step in delivering on our vision of becoming a leading, full service, vertically integrated chemical management company across New Zealand and Australia."

"The small but highly strategic acquisition will remove a bottleneck in the delivery of chemicals to our customers and allow us to improve turnaround times."

"What we are often finding is that the production of labels doesn't always align with our distribution times, and this slows the delivery timetable for our customers. Owning our primary labels supplier will solve this roadblock, resulting in more control over the timetable and improved outcomes for our customers."

Labels Connect is a locally owned and operated business, based in Victoria, providing small to medium size brands and businesses, primarily in the Crop Protection & Home and Garden markets, with custom digital printed self adhesive labels.

The acquisition was made at 3x earnings and the purchase consideration comprises:

1. a cash payment of \$550,000.00; and
2. the issue of 909,090 fully paid ordinary shares in the capital of DGL at \$1.10 per ordinary share ("**Consideration Shares**"). The Consideration Shares will be issued by DGL on 1 October 2021, and will be held in escrow until 1 January 2022.

- ENDS -

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 26 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 \$209.7 million in FY22.