

ASX Announcement

Strong revenue and profit sets growth platform

Dynamic Group Holdings Limited (ASX: DDB) ("Dynamic" or the "Company") is pleased to announce a strong financial performance for FY 2022, underpinned by impressive performances by both Company divisions.

Highlights

- Record Revenue of A\$74.1 million, up 218%
- Record EBITDA of A\$17.1 million, up 240%
- Record NPAT (normalised)¹ A\$9.2 million, up 381%
- Statutory NPAT of A\$2.0m including one-off transaction costs and non-cash amortisation costs relating to the acquisition of Orlando Drilling
- Strong balance sheet with A\$9.5 million cash and trade & other receivables of A\$11.7m
- Result continues the Company's year-on-year operational and earnings growth since listing in 2020
- Fleet now contains 47 drill rigs, with 300+ personnel servicing 17 active projects
- Well positioned to service the WA mining sector, with a sustained demand outlook
- Targeted M&A growth opportunities continuing to be assessed

Commenting on the solid operational performance and another year of improved earnings and growth, Dynamic Group Holdings Non-Executive Chairman Mr Garret Dixon said, *"This is an outstanding result. Our first two years as a listed company have seen us deliver year-on-year growth in revenue and earnings. Our strategic acquisition of exploration drilling company Orlando Drilling has contributed to our growth and it is important to note we have not included any contribution from the acquisition of the water drilling business Welldrill, which closed after the end of the financial year."*

"On that basis the outlook for the business is very strong. We have a solid balance sheet with good levels of cash and a young fleet of equipment. The markets we are operating in have experienced strong growth, and we see ongoing solid demand for all commodities. We now have an integrated offering across water drilling, exploration drilling and production drilling so we are well placed to leverage the buoyant market conditions."

Financial Performance

Dynamic has delivered total FY 2022 revenue of A\$74.1 million, a 218% increase from the previous corresponding period (PCP) leading to EBITDA of A\$17.1 million, up 240% and NPAT (normalised)¹ of A\$9.2 million, up 381%.

The balance sheet has also strengthened with cash of A\$9.5 million (A\$8.7 million PCP), net asset strength of A\$36.6 million (A\$13.8 million) and net tangible assets of A\$23.8 million (A\$13.8 million).

The Company now has a fleet of 47 drill rigs with 300+ personnel servicing 17 active projects across a broad mix of commodities.

Note 1: NPAT (normalised) representing the normalised business NPAT excluding one-off transaction costs and non-cash amortisation costs in relation to the acquisition of Orlando. Statutory NPAT of A\$2.0m for FY22.

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Operational Performance

The Drill and Blast Division continued to deliver a high standard of work over the past 12 months and completed key milestones on multiple projects.

An additional four drill rigs were purchased to meet ongoing demand and there was also an investment in some ancillary equipment to reduce rental requirements.

Equipment utilisation has remained strong and project execution continues to be of a high standard.

Multiple short-term projects were undertaken, while long term projects are continuing, servicing our core group of tier one clients operating in the gold and lithium sector. Scope increases at several projects have enhanced contracts.

The Exploration Drilling Division (Orlando Drilling Pty Ltd) continued to experience strong demand across long and short-term projects.

An additional rig and equipment was purchased to maintain the ability to service key focus areas across a diverse mix of commodities including gold, lithium, nickel and copper.

Orlando is making a concerted push to seek additional brownfields opportunities, which will provide more defensive earnings for the business with a high level of tendering activity.

The acquisition of water drilling business Welldrill was completed in July 2022 and is expected to generate ~A\$26-28m revenue and ~A\$7-8m EBITDA in FY23.

Welldrill has a tier-one client base including BHP, the WA Government, the Department of Water and Environmental Regulation, Liontown and OZ Minerals and provides a defensive revenue stream, with increased exposure to government contracts and production mining.

The business adds a complementary service offering, technology systems, customer base and management expertise to Dynamic.

Looking Ahead

The Company remains well placed to leverage growing demand for specialist drill and blast, exploration and water drilling services.

Demand for commodities remains strong and is leading to solid investment in exploration and mining development across WA.

Growth through acquisition remains a key part of the Company's growth strategy and targeted acquisition opportunities will continue to be progressed.

This announcement has been authorised by the Board of Dynamic Group Holdings Limited.

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About Dynamic Group Holdings Limited

Dynamic Group Holdings Limited (the "Company") is a supplier of various specialised drilling services as well as blasting services to clients in the mining and construction sectors in Western Australia. The Company operates under three entities, Dynamic Drill & Blast Pty Ltd ("Dynamic"), Orlando Drilling Pty Ltd ("Orlando") and Welldrill

The Company's significant project pipeline is based around medium to long term contracts and has a highly experienced executive management team focused on quality service provision, employee safety and providing solutions

The Company is committed to business and quality management systems that provides the framework for its personnel to achieve its customer's measurable objectives, while using continual improvement initiatives to strive for best practice performance.

Since incorporation, the Company has developed comprehensive policies, procedures and processes that aid the safe, effective and efficient provision of services.

Dynamic Drill & Blast is a supplier of drilling and blasting services to clients in the mining and construction sectors in Western Australia. Dynamic focuses on mining and construction projects within a range of commodity sectors, including iron ore, lithium and gold. Dynamic also undertakes short term specialised drilling and blasting projects.

Orlando Drilling Pty Ltd (is a wholly owned subsidiary of the Company. Orlando is a Western Australian based company providing grade control, exploration and resource definition drilling services to the mining industry since 2007, utilising its fleet of AC, RC and diamond drill rigs and experienced personnel.

Welldrill (consists of two entities: PDC Drilling Pty Ltd; and Delmoss Nominees Pty Ltd) is a wholly owned subsidiary of the Company, providing water related drilling and services.