



DYNAMIC GROUP HOLDINGS FIRST HALF FY23 RESULTS

FEBRUARY 2023

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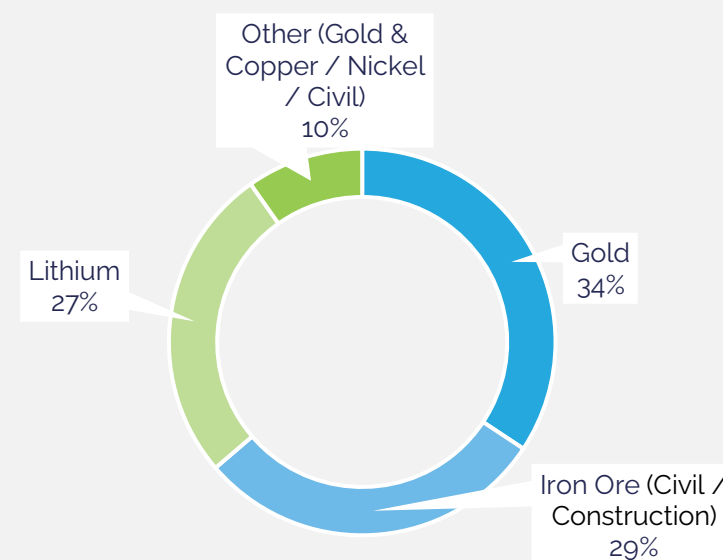
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FIRST HALF FY2023 OVERVIEW

- Dynamic Group Holdings Limited (ASX:DDB) is a Western Australian based and focused market leading drill and blast and exploration drilling Company
- Contracted work to produce expected revenue of approximately \$55m – \$60m in second half FY2023
- **First Half FY23 Total Revenue of A\$45.9m (34% growth from 1H FY22)**
- **First Half FY23 EBITDA of A\$5.0m**
- **First Half FY23 NPAT (Normalised) of \$1.9m¹**
- Strong balance sheet with A\$4.8m in cash, trade & other receivables of A\$16.9m
- 46 drill rigs in fleet, with 300+ personnel servicing projects
- Significant investment in opportune R&M over the new year period, to capitalise on 2H FY2023 and maximise return on contracted works
- **The Company is focussed on generating higher earnings than 1H FY2023 throughout 2H FY2023 with margin recovery and increased utilisation evident in Q3 FY2023**
- **Achieving 20% to 25% EBITDA margin remains as the ongoing group target**

An established and growing client base across a diverse commodity mix

Total Revenue by Commodity



Notes:

1. First Half FY23 NPAT (normalised) representing the normalised business NPAT excluding one-off transaction costs and non-cash amortisation costs in relation to the acquisition of Orlando Drilling Pty Ltd ('Orlando') and Welldrill. Refer to Appendix 4D and Half Year Financial for full results on 28/02/2023

DYNAMIC CORPORATE PROFILE

Corporate Overview

ASX Stock Symbol	DDB
Shares Issued	134,552,955
Share Price (at 28/02/2023)	A\$0.31
Market Capitalisation	A\$41.7m
Net Debt (as at 31/12/2022)	A\$23.2m
Cash (as at 31/12/2022)	A\$4.8m
Enterprise Value (at 28/02/2023)	A\$60.1m
Net Asset Value (as at 31/12/2022)	A\$43.4m

Proven and Credentialed Team

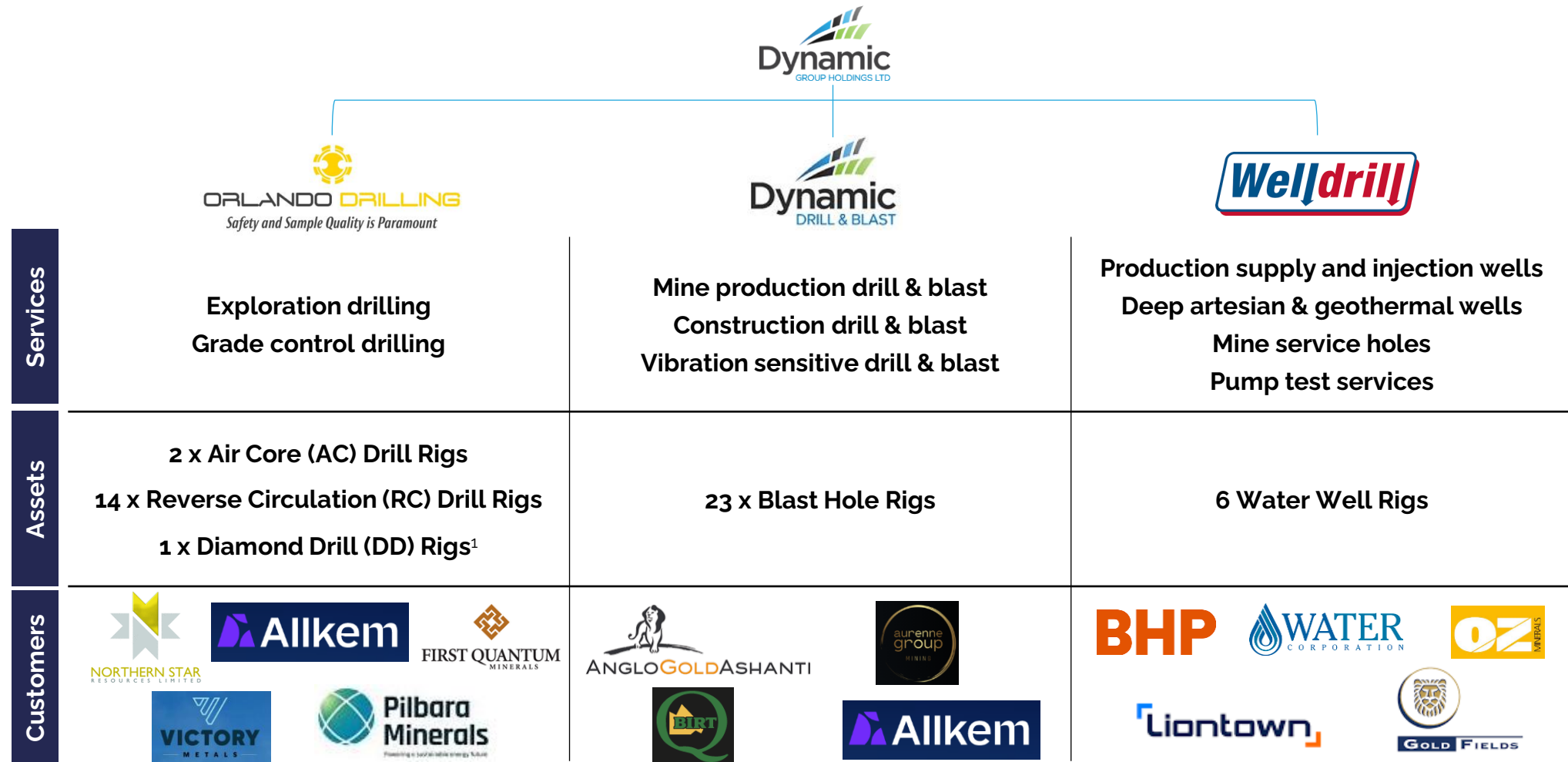
Non-Executive Chairman	Garret Dixon
Managing Director	Mark Davis
Chief Executive Officer	Geoff Newman
Executive Director	Matt Freedman
Executive Director	David Kinnersley
Executive Director	Joel Skipworth
Non-Executive Director	George Garnett

Top Shareholders

Temorex Pty Ltd & Goldfire Enterprises Pty Ltd (Rob Martin)	12.55%
Valentino Holdings Pty Ltd & Ganan Capital Pty Ltd (Laurie Freedman)	11.27%
The Tiger Drill Trust (Joel Skipworth)	12.08%
The Milligan Trust (David Kinnersley)	12.08%
JEZAC Pty Ltd (Mark Davis)	6.19%
Rangehill Holdings Pty Ltd (Matt Freedman)	6.19%
Total of top 5 shareholders	60.36%
Top 20 shareholders	82.31%
Board and management	42.32%

DYNAMIC'S ORGANISATIONAL STRUCTURE

Since listing in August 2020, Dynamic has proactively diversified its service offering to enhance its ability to provide multiple services to a single client



Notes:

1. Two additional DD rigs are hired in when required, rigs are familiar as Orlando Drilling previously had an interest in these

1H FY2023 OPERATIONAL CONDITIONS

- **Labour shortages continue to cause margin compression**

- Renegotiation of labour cost recovery where possible
- Contractual mechanisms such as rise and fall provisions help adjust recovery in a lagging manner
- Drill utilisation was been affected by shortages in skilled labour throughout the period
- Availability of personnel is improving into FY2023 2H, while cost pressures remain in securing suitable skill sets
- The Company is working on solutions to this structural issue through the rolling out of drill simulator technology and training initiatives

- **Wet weather events**

- Several events throughout multiple regions of operation in Western Australia impacted utilisation across
- Opportunistic repairs and maintenance preparing for upcoming works and personnel where possible reallocated

- **Exploration business utilisation impacted**

- Longer than expected project owner seasonal shutdowns over the Christmas and new year period
- Project reduction due to existing clients reducing and terminating short term exploration programs
- Increased activity evident in improved earnings in the early stages of 2H FY

- **Covid related personnel issues**

- Covid impacted the group in FY2023 1H, more so than in FY2022 2H – site shutdowns and restriction on personnel movements impacting utilisation
- No material Covid related impact to 2H FY23 experienced



ADDRESSING CHALLENGES

- **Chief Executive Officer, Geoff Newman has commenced**
 - Mr Newman has operated at an executive level within the contracting and mining services sector for over 22 years
 - Most recently Geoff has performed various executive level roles within Emeco Holdings Ltd (ASX: EHL) since 2013. Prior to Mr Newman's time with Emeco, he was CEO of a water drilling business that provided similar services to Dynamic Group's wholly owned Welldrill subsidiary
 - Synergies resulting in cost rationalisation are the initial focus of Mr Newman as well as ensuring operational efficiencies are being capitalised upon across the group
- **Cross-pollination of drilling services and asset reallocation**
 - Lower than anticipated exploration drilling utilisation through 1H FY23 has been addressed through the repurposing of multiple drills and will be deployed to Welldrill projects
 - Exploration drill utilisation and margin recovery is evident in Q3 FY2023
 - The group has achieved multiple business units operating on a single operation ie current exploration and production drill & blast with a long term customer
- **Structural labour issues**
 - Drilling simulator expected to be commissioned during March 2023. More detail on following slides around training initiatives relating to the new simulator
 - Cost pressures remain, although availability of personnel less critical than 1H FY23

TRAINING & SIMULATOR UPDATE

- Drill simulator is scheduled to be commissioned during March 2023.
- Our purpose-built simulator is specifically designed for the drill rigs we use - both Epiroc T45 top hammer drill rigs and Epiroc D65 down hole hammer drill rigs.
- The system is designed to monitor equipment operators individual performance and the lowest behavioural level. The AI engine then employs machine learning to automatically inform targeted, simulator-based training interventions and thereby drive continuous, broad-based improvement across our operator workforce.
- A variety of drill training programs from introductory levels to advanced levels are currently being developed to mitigate risks as a direct result of the current labour shortage within the drilling industry.
- Machine faults can be programmed into the simulator to train mechanical personnel in fault diagnostics which will help to minimise down time in the field.
- Emergency scenarios are programmed into the simulator to ensure operators obtain potential life saving skills.
- Operators are trained in the most challenging geological environments to maximise production output while minimising potential damage to machinery through inexperienced conditions.



Containerised Simulator

TRAINING & SIMULATOR UPDATE

Employment through practical assessment

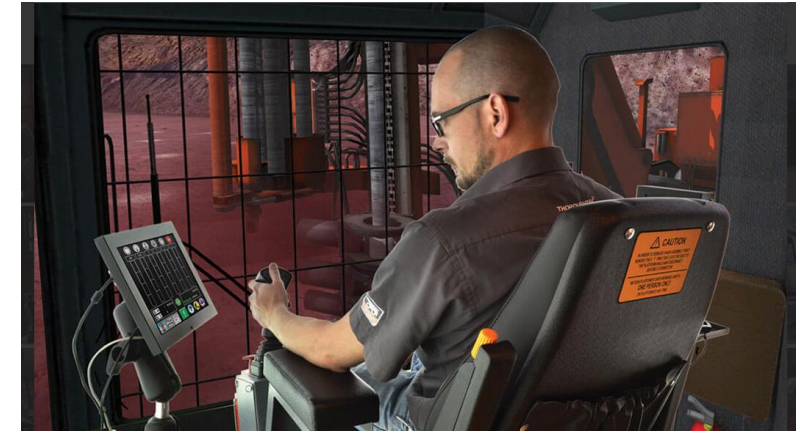
- When hiring drill operators, potential candidates will be required to undergo a practical assessment using the simulator. Skill levels will be assessed and remuneration packages will reflect the candidate's current skill set.

Our Mine Ready Training Program (MRTP) is specifically designed for the introduction of new personnel to the industry.

- The MRTP is designed to shorten the time it takes to develop skill levels which are required to successfully operate drill rigs within a project environment.
- Historically each new project requires the competency of each operator to be verified (VOC) prior to being authorised to operate machinery on site, regardless of how many years experience they may have. The MRTP will allow operators to be verified prior to mobilising to site, this will lead to minimising production delays and substantial cost savings to the group.

Up skilling program

- Employees will undergo periodical assessments to ensure continuous improvement programs can be tailored to encourage up skilling of all employees. Cost savings to the business will be generated through maximising employee's performance while minimising maintenance costs due to machine damage and abnormal wear and tear of components.



Containerised Simulator

DIVISION OVERVIEW

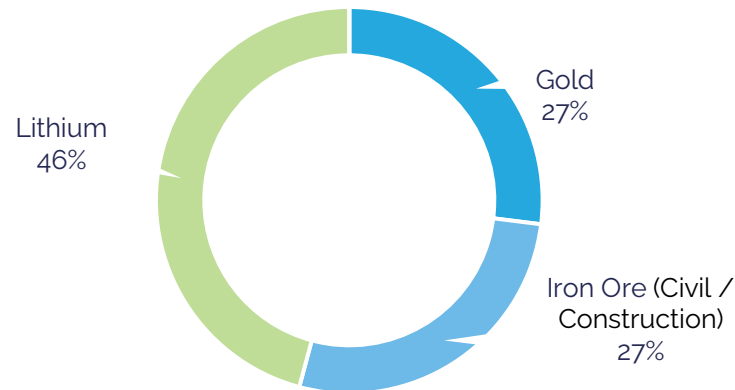
Drill & Blast Division (Dynamic Drill & Blast)

- The team has delivered a high standard of execution during the half completing key milestones on multiple projects
- Multiple short-term projects were undertaken, with utilisation of equipment remaining high
- Long term cornerstone production contracts remain with medium and long term tenure
- Deployment of previously secured new rigs to service high level of demand across multiple commodities
- Utilisation of the drill & blast fleet is high with multiple new projects commencing 2H FY23 across production and civil / construction



Blast hole drill rigs

Revenue by Commodity Drill & Blast



DIVISION OVERVIEW



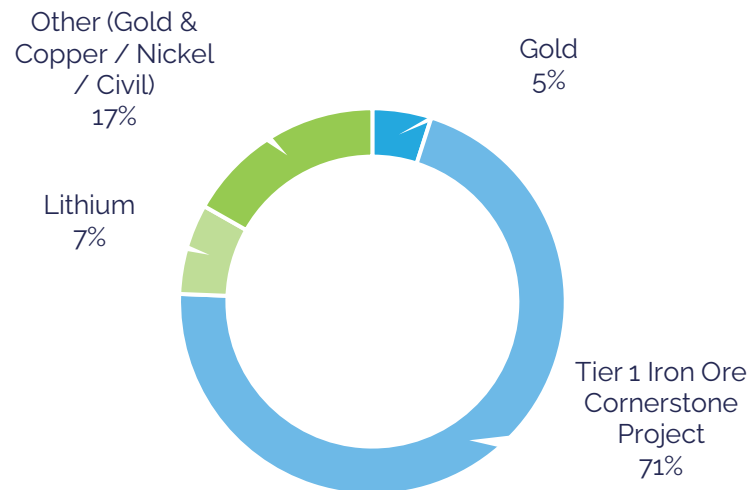
Water Drilling Division (Welldrill)

- Welldrill continues to service the tier 1 long term Iron Ore cornerstone project, which continues to have growth in existing scope
- All drills remain deployed, with labour shortages impacting some double shifting capability in 1H FY23 – utilisation impact
- Additional rig to be deployed after delayed delivery has taken place of Rig 7, which is now being commissioned in Perth
- Underutilised exploration rigs are being repurposed at an immaterial capital cost and being deployed to upcoming Welldrill projects
- The integration of the Welldrill business into the group has been efficient and effective



Exploration drills and supporting equipment

Revenue by Commodity Welldrill



DIVISION OVERVIEW

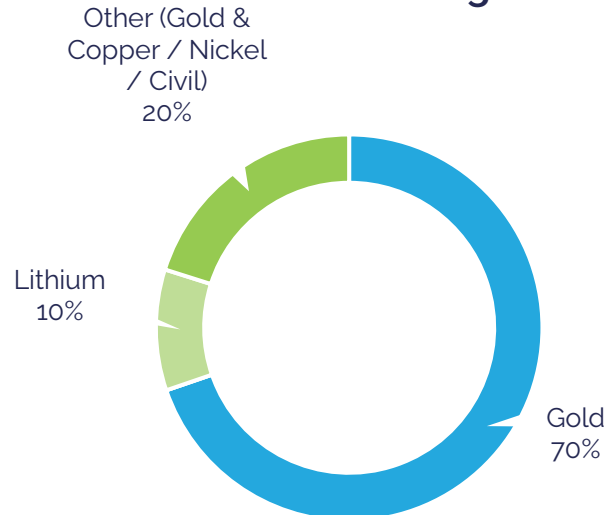
Exploration Drilling Division (Orlando Drilling)

- Orlando was selected by Pilbara Minerals Resources (ASX:PLS) to complete a significant RC drill program at in the Pilbara region, Orlando was also selected by another large lithium producer to perform a Diamond Drilling program on an existing group customer’s project
- Operational impacts have caused lower than anticipated utilisation across the exploration fleet. Initiatives are in place and results are evident in Q3 FY23
- Orlando has also provided services for smaller contracts with ongoing exploration across the Murchison and Gold Field regions, focusing on a diverse mix of commodities including gold, lithium, nickel and copper



Exploration drills and supporting equipment

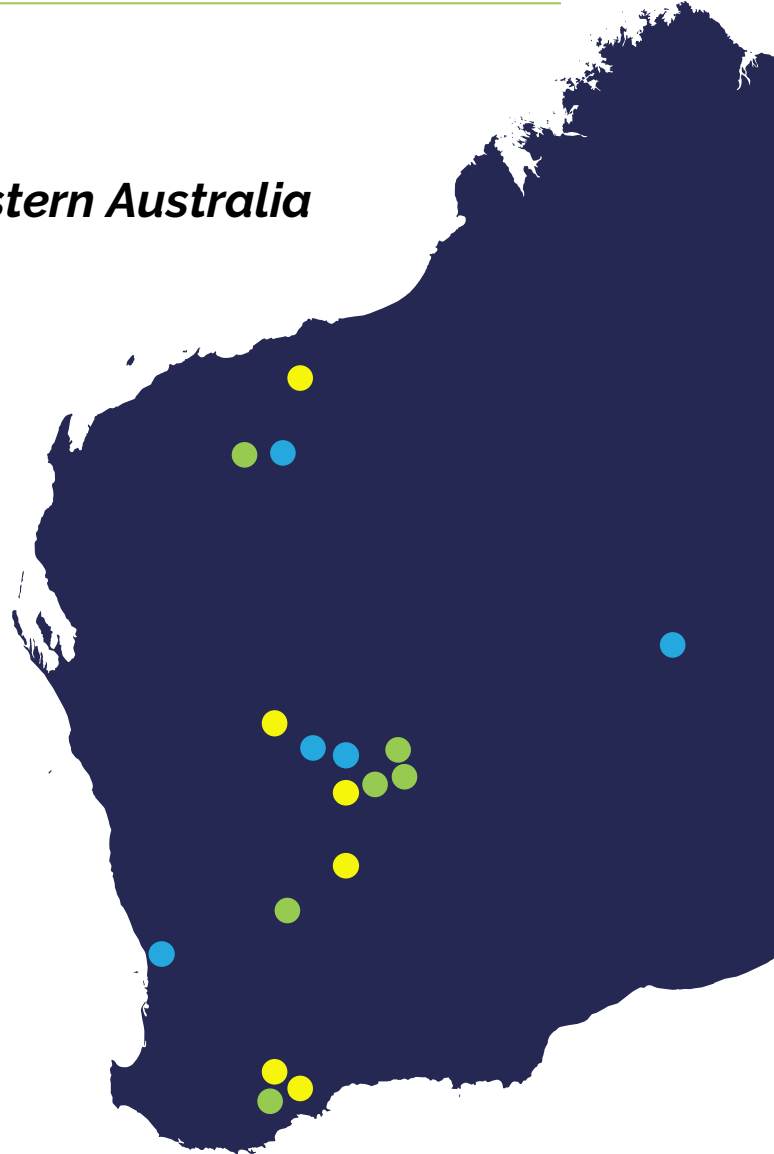
Total Revenue by Commodity Orlando Drilling



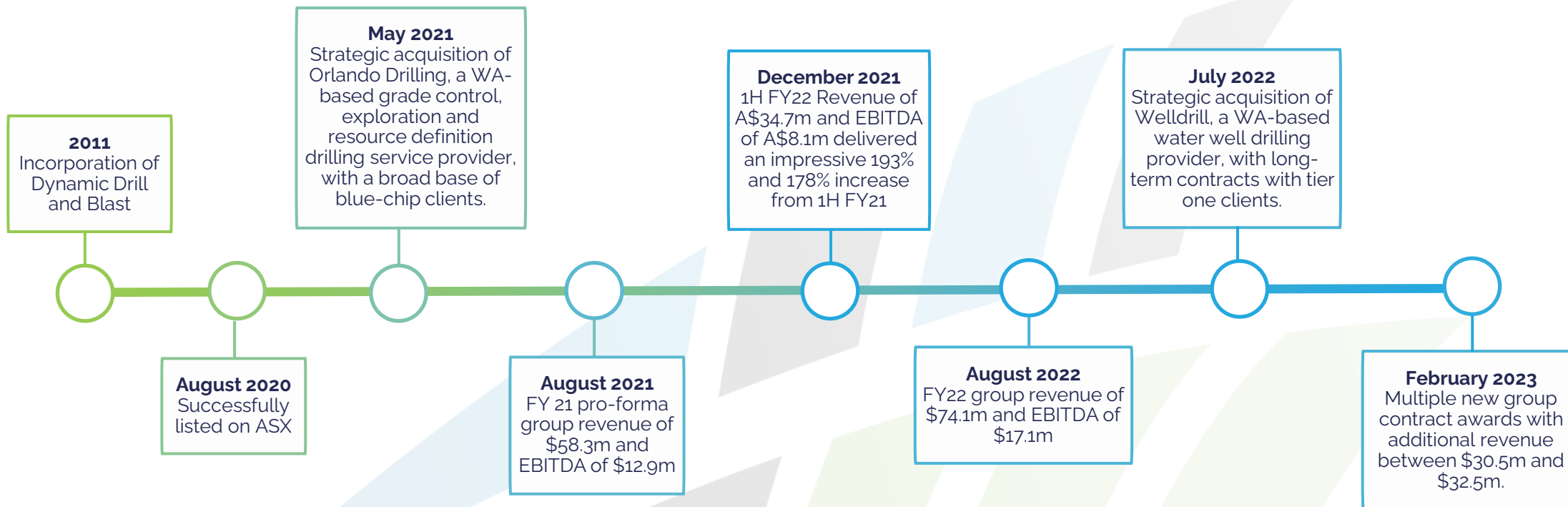
A STRONG MINING PRESENCE

Project Locations throughout Western Australia

- Orlando Drilling
- Dynamic Drill & Blast
- Welldrill



CONTINUED GROWTH



1H FY23 REVENUE GROWTH

Platform for earnings growth

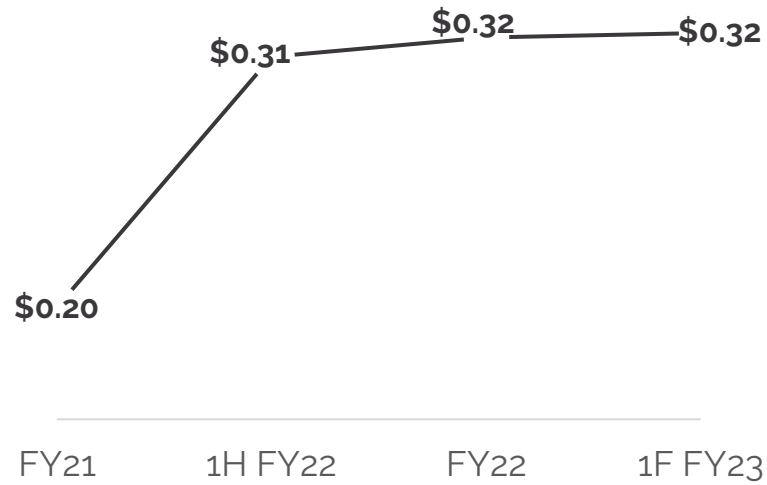
- 34% increase in total revenue, compared to 1H FY22
- **Project cycles demonstrate non linear earnings recovery in 2H FY23 due to project maturity and initial outlay in preparation and mobilisation**
- Significant resilience with ongoing difficulties imposed by COVID-19, which has and continues to make access to personnel and equipment difficult
- Importantly, DDB has an experienced team with sufficient capacity across the entire service offering to ensure ongoing operational and commercial outcomes for customers
- Experiencing a sustained level of enquiries, resulting in a healthy order book and longer term tender opportunities

1H FY 2023 Numbers

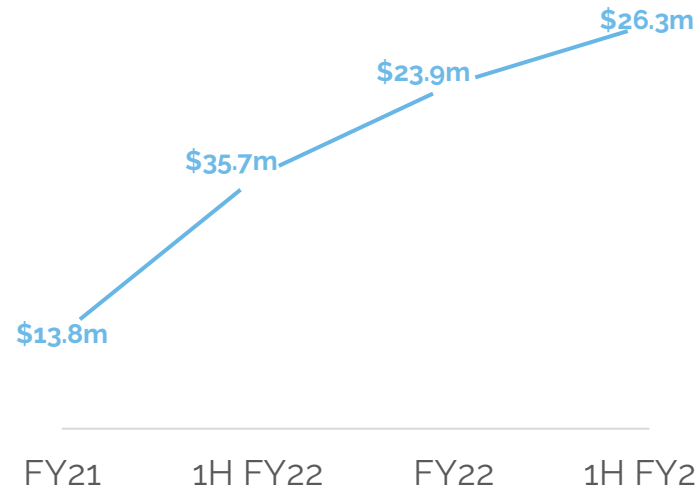
1H 23 Total Revenue	A\$45.9 million
1H 23 EBITDA	A\$5.0 million
Cash & Cash Equivalents	A\$4.8 million
Trade & Other Receivables	A\$16.9 million
Trade & Other Payables	A\$7.2 million
Net Assets	A\$42.7 million

BALANCE SHEET METRICS

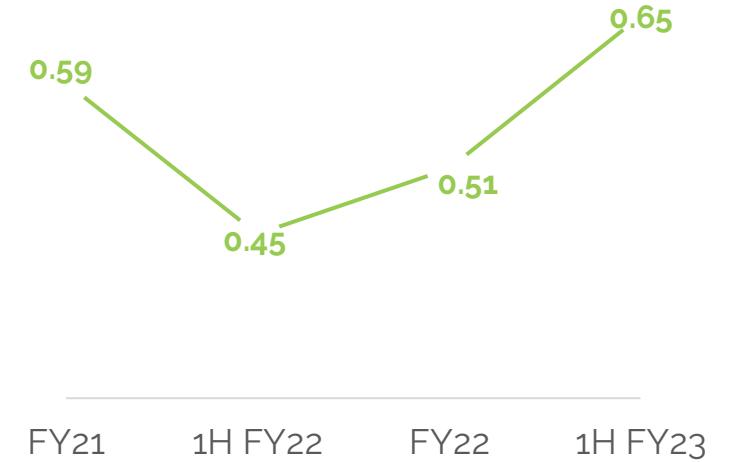
NET ASSETS PER SHARE



NET TANGIBLE ASSETS



TOTAL DEBT RATIO



Strong balance sheet position which supported a challenging 1H FY23, well placed to capitalise on 2H FY23 via earnings recovery

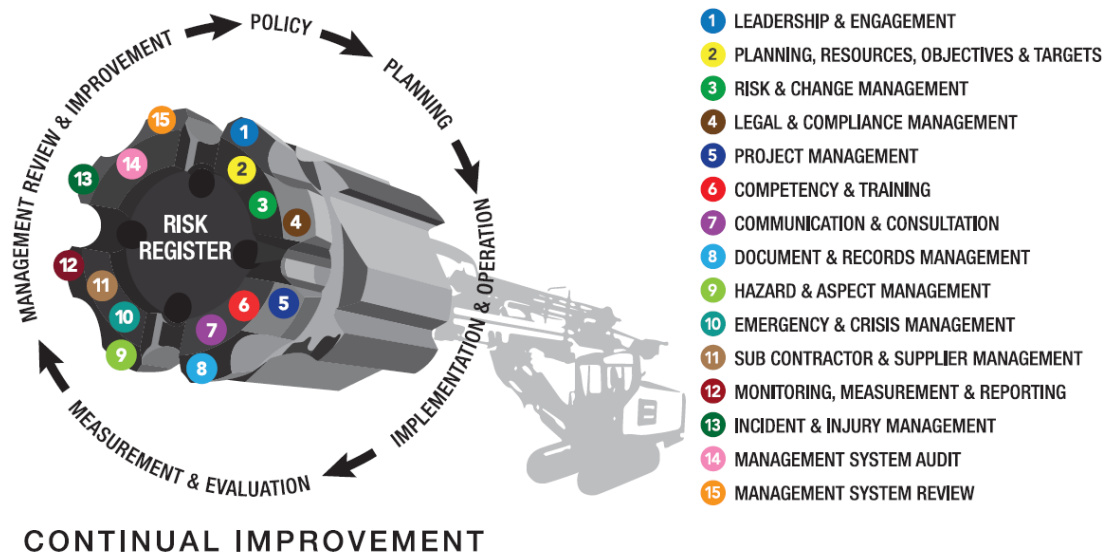
SUMMARY

- Strong pipeline of contracted works for 2H FY23 and beyond
- Multiple projects throughout Western Australia
- Redeployment of exploration drills to Welldrill to capitalise on opportunities
- Fleet of 46 drill rigs and ancillary support equipment
- Primarily WA based workforce comprising of 300+ personnel
- Labour market remains constrained, although initiatives are underway to address the challenges
- Increasing costs are being managed and shared where contract mechanisms allow (such as rise and fall adjustments for longer contracts)
- Increased scale allows for resource sharing
- Customers understand the challenges and are open to reasonable commercial discussion
- Margin recovery underway in H2 FY2023



High-Level Safety Focus

- Strong leadership in safety is critical to our business success and underpins our Charter
- Ongoing focus on continual improvement of our Health, Safety, Environment and Quality (HSEQ) Management Systems and Framework
 - The HSEQ Management System underpins every task performed in the workplace
- The rollout of systems and event reporting databases across the Group commenced in December 2021 to ensure standardisation and visibility of HSEQ reporting and management – this work is ongoing, ensuring a safe integration



Equipment Portfolio



Drilling versatility in any terrain



Six Schramm T685 RC Drill Rigs



Four RC Tack Mounted Drill Rigs

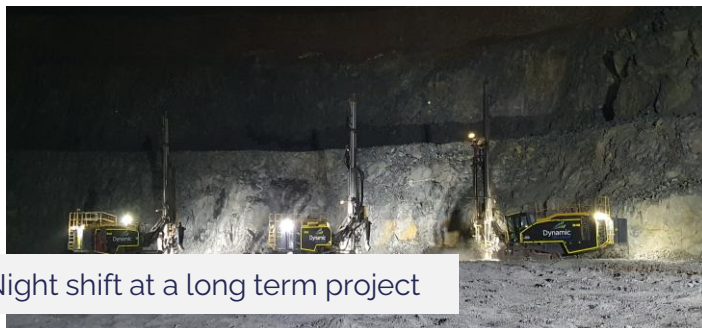


RC deep hole drilling to 450m+

Equipment Portfolio



Epiroc T45 Top Hammer Drill Rig



Night shift at a long term project



Epiroc D65 Down The Hole Hammer Drill Rig



Drill and blast crew with Mobile Processing Unit and support LV



Blast hole drills on the move

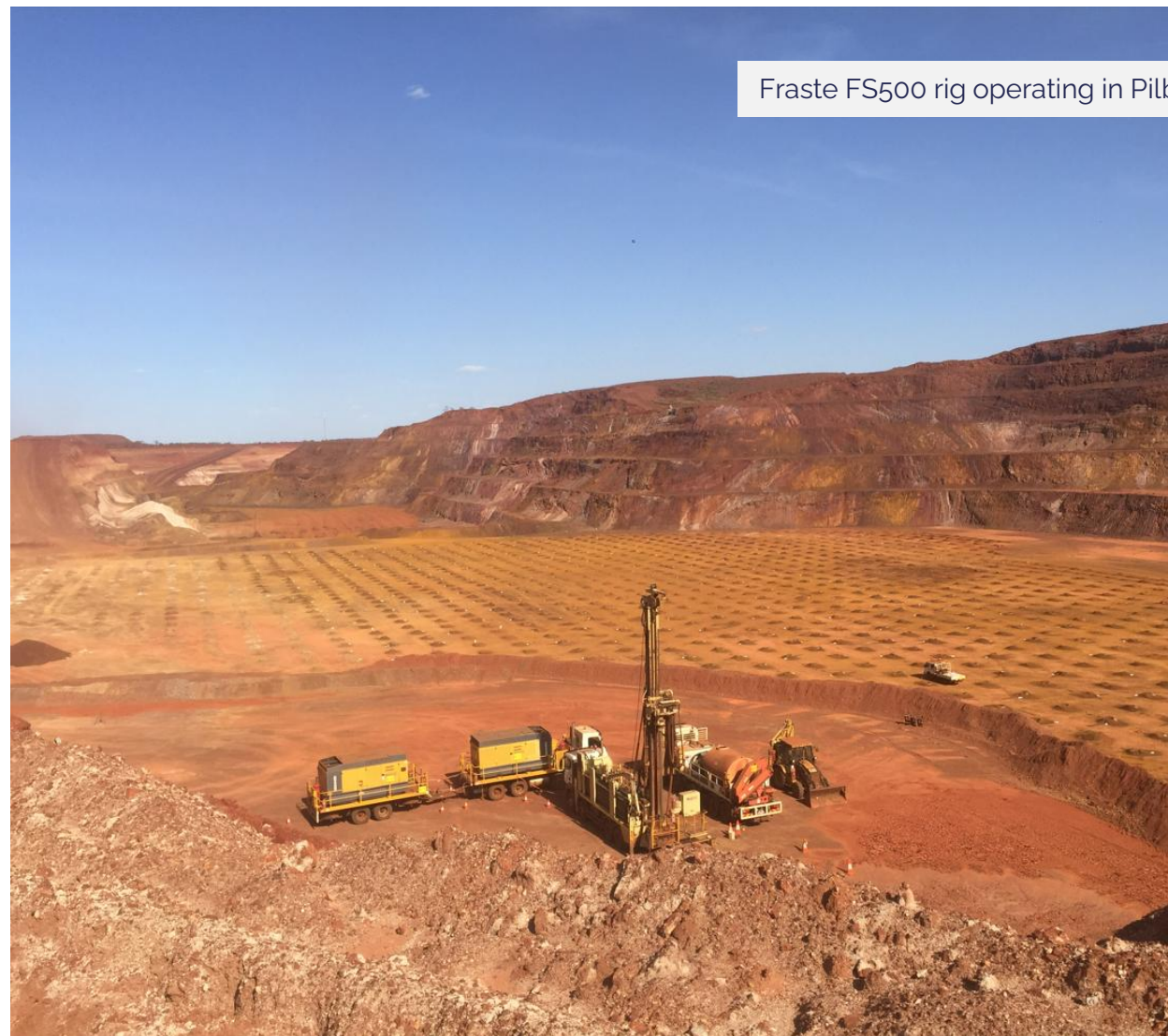
EQUIPMENT PORTFOLIO



Fraste FS500 and ancillary equipment



Fraste FS500 rig operating in Pilbara



Fraste FS500 rig in the Pilbara



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