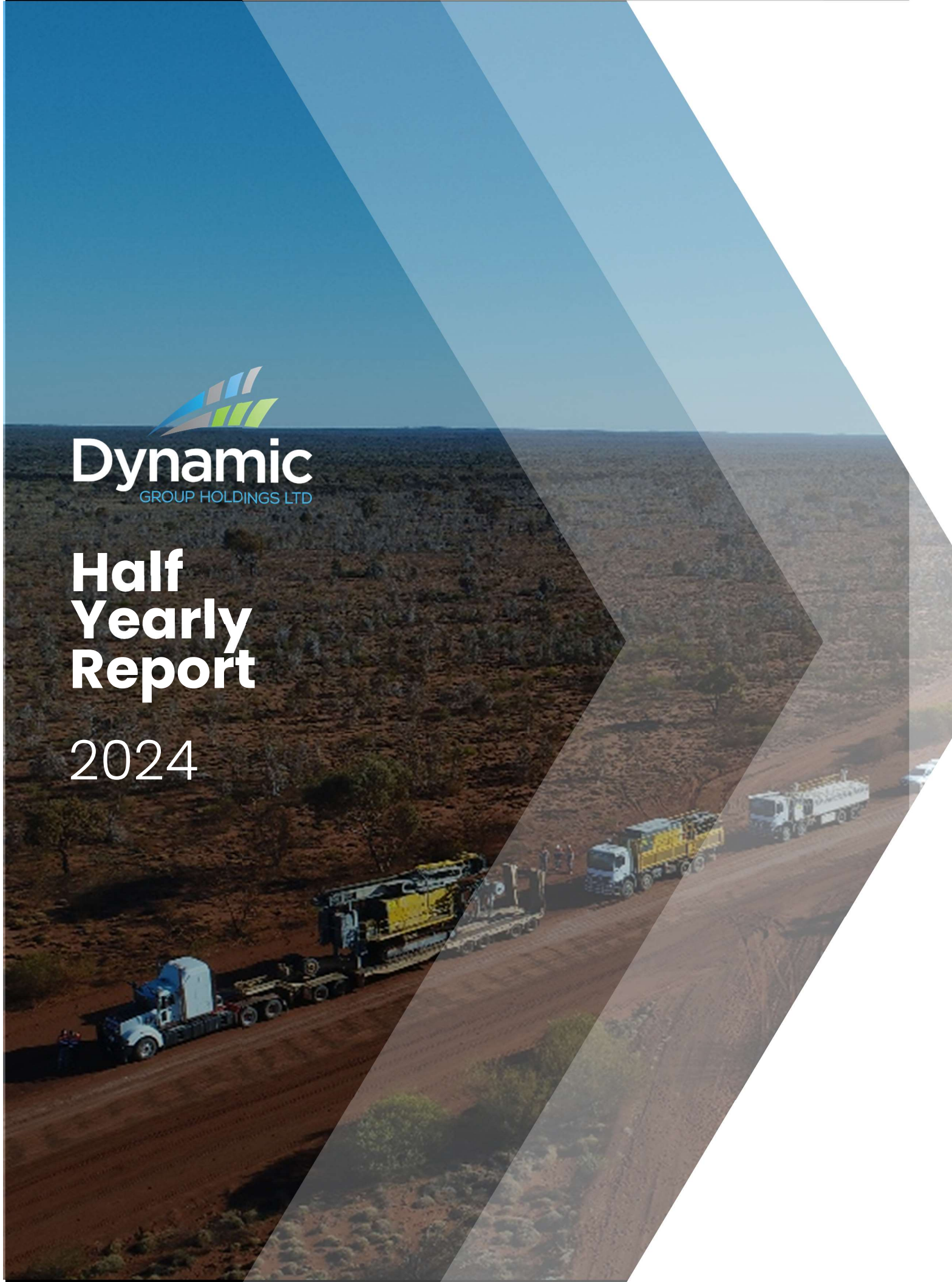




Half Yearly Report

2024



Half Yearly Report

1. Company Details

Name of entity:	Dynamic Group Holdings Limited
ABN:	49 640 888 213
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for Announcement to the Market

				\$
Revenues from ordinary activities	up	0.7%	to	45,995,230
Profit from ordinary activities after tax attributable to the owners of Dynamic Group Holdings Limited	up	213.7%	to	2,855,015
Profit for the half-year attributable to the owners of Dynamic Group Holdings Limited	up	213.7%	to	2,855,015

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The profit for the consolidated entity after providing for income tax amounted to \$2,855,015 (31 December 2022: loss of \$2,511,628).

3. Net Tangible Assets

	Reporting period	Previous period
	Cents	Cents
Net tangible assets per ordinary security	27.57	24.65

4. Loss of Control Over Entities

Not applicable.

5. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the current financial period.

6. Dividend Reinvestment Plans

Not applicable.

7. Details of Associates and Joint Venture Entities

Not applicable

8. Foreign Entities

Details of origin of accounting standards used in compiling the report.

Not applicable.

9. Audit Qualification or Review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

10. Attachments

Details of attachments (if any):

The Interim Report of Dynamic Group Holdings Limited for the half-year ended 31 December 2023 is attached.

11. Signed

Signed  _____

Date: 28 February 2024

Corporate Directory

Directors

Garret Dixon – Chair
George Garnett – Non-Executive Director
Mark Davis – Non-Executive Director
Mark Hine – Non-Executive Director
Matthew Freedman – Executive Director

Registered Office

Suite 1, 295 Rokeby Road
Subiaco WA 6008

Auditor

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street, Perth WA 6000

Share Register

Automatic Registry Services
Level 5, 191 St Georges Terrace
Perth WA 6000

Website

www.dynamicgroupholdings.com.au

Company Secretary

James Bahen

Principal Place of Business

Level 2, 76 Hasler Road
Osborne Park

Solicitors

Hamilton Locke
Level 27, 152-158 St Georges Terrace
Perth WA 6000

Stock Exchange Listing

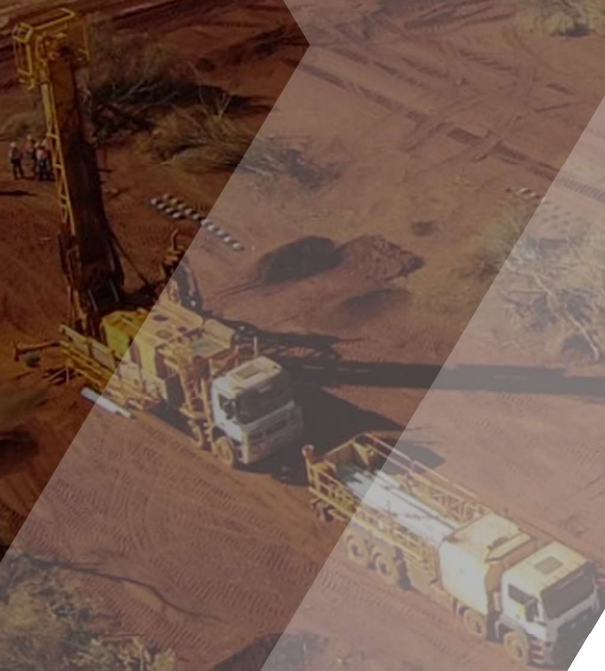
Dynamic Group Holdings Limited shares are listed on the Australian Securities Exchange (ASX Code: DDB)

Corporate Governance Statement

A copy of the Corporate Governance statement can be found at www.dynamicgroupholdings.com.au



Directors Report



Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Dynamic Group Holdings Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The following persons were directors of Dynamic Group Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Garret Dixon – Chair

George Garnett – Non-Executive Director

Mark Davis – Non-Executive Director

Mark Hine – Non-Executive Director (appointed 1 December 2023)

Matthew Freedman – Executive Director

Joel Skipworth – Executive Director (resigned 1 December 2023)

Principal Activities

The Company provides exploration, water drilling and drilling and blasting services to the exploration, mining and construction industries in Australia with all works currently performed in Western Australia. The services provided by the company are across all stages of the mining cycle and include the following:

- Greenfield Reverse Circulation and Air Core Exploration Drilling Services
- Mine Site Reverse Circulation Exploration Drilling Services
- Mine Site Resource Definition and Grade Control Drilling Services
- Mine Production Drilling and Blasting Services
- Construction Drilling and Blasting Services
- Production Water Well Drilling Services
- Deep Artesian and Geothermal Drilling Services
- Pump Testing Services

A diverse production phase focussed service offering provides the Company with increased resilience through the cyclical nature of mining.

The Company operates under 4 divisions, Dynamic Drill & Blast, Orlando Drilling, Welldrill and Airwell Flow Testing.

Dynamic Drill & Blast ("Dynamic") is a wholly owned subsidiary of the Company. Dynamic 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 ("Orlando") 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 is a wholly owned subsidiary of the Company. Welldrill is a Western Australian based company providing specialised production dewatering and bore drilling services to the mining industry since 2000.

The recently acquired Airwell Flow Testing division services a number of Western Australian based clients. Over this period Airwell Flow Testing has developed proprietary flow testing software and hardware that is tailored to its tier-1 customers and has the ability to fully monitor and control flow testing systems remotely from its Perth headquarters via Supervisory Control and Data Acquisition (SCADA). Water bore flow testing is critical for assessing the quantity, quality, and sustainability of water sources and provides information for managing water resources to ensure compliance with environmental and regulatory standards.

Review of operations

Safety and Sustainability

The safety of our employees remains our highest priority and we are committed to ensuring all our employees and contractors go home safely every day. As part of this commitment, we have implemented a Principal Hazard Management Plan which is designed to identify critical hazards and verify the effectiveness of Life Saving Controls on our operations. We are proud of our safety performance and remain LTI free.

We are also committed to responsible environmental and social management and developed and implemented our ESG framework during 1H FY24.

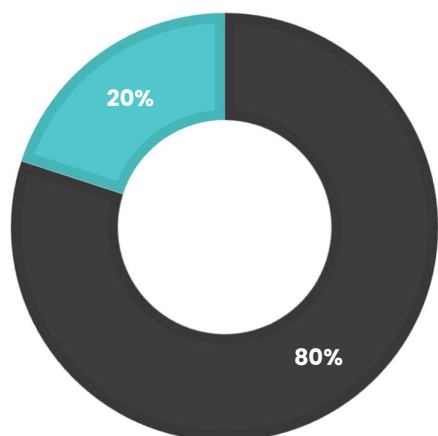
The training and development of our personnel remains at the fore front of our People and Culture Strategy. In support of this, the Company commissioned a state-of-the-art Drill and Blast training simulator during 1Q FY24. This is the only simulator of its type in Australia and allows the Company to fast-track training of personnel. The Dynamic Group has employed a dedicated Drill and Blast training resource and will commission an additional simulator software module in 3Q FY24 to increase in house capability across additional fleet.

Revenue Concentration

The Company's strategy of securing projects with strong counterparties and a production focus continues to mitigate the cyclical nature of mining. As can be seen in the graph below approximately 80% of revenue in the period came from production related activities while the company remains focussed on commodity diversification with the majority of revenue split

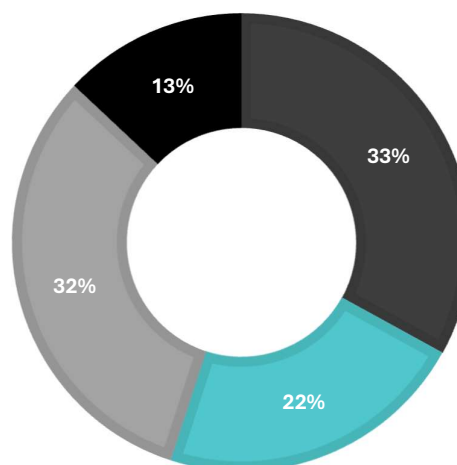
across Gold, Iron Ore and Lithium during the period. The Company anticipates an increase in Gold related earnings in CY24.

Project Lifecycle



■ Production ■ Exploration

Revenue by Commodity



■ Gold ■ Lithium ■ Iron Ore ■ Others

Profitability

The Company achieved a 1% increase in revenue for the 6 months ended 31 December 2023 compared to the 6 months ended 31 December 2022. Operating costs reduced by 6% for this period as a result of ongoing rationalisation of operations and realisation of identified synergies. This is a significant achievement given supply challenges and the ongoing inflationary pressures being felt across the sector. Revenue was impacted by significant weather events and extended shutdowns over the Christmas period.

Current Operations

Dynamic ceased operations Allkem Limited's Mt Cattlin Lithium Spodumene project during the period, however continue to supply Drill and Blast Services to Carey Mining at AngloGold Ashanti Limited's Golden Delicious project in the Goldfields region of Western Australia. Drill and Blast also continue to supply Construction Drill and Blast services to Q.H & M Birt via a sub-contractor agreement to a Tier 1 Iron Ore Project in the Pilbara region of Western Australia. Multiple short-term projects have also been undertaken during the first half of the year with extensions of several projects continuing into 2H FY24.

Orlando secured a 12-month contract with Delta Lithium to provide Reverse Circulation services in the Gascoyne region of Western Australia and resources have been mobilised to site. Orlando were also successful in securing a 24 month contract with Genesis Minerals to provide RC drilling in the Goldfields region of Western Australia which resources will mobilise to in 3Q FY24. In addition, Orlando have entered into a number of smaller contracts to perform Grade Control,

Reverse Circulation and Air Core services for clients with operations in the Pilbara, Murchison and Goldfields regions of Western Australia.

Welldrill continue to provide water drilling services for BHP across multiples projects in the Pilbara region of Western Australia, with multiple rigs deployed for these projects. Welldrill have also had an existing contract with Oz Minerals extended for an additional 12-month term.

The Company's project pipeline is targeted around medium to long term contracts focused on production based activities however we are still committed to exploration activity through Orlando drilling.

Rounding of amounts

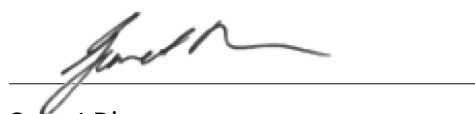
The company is of a kind referred to ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest dollar in accordance with the instrument.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Garret Dixon
Chair

28 February 2024

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF DYNAMIC GROUP HOLDINGS LIMITED

As lead auditor for the review of Dynamic Group Holdings Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Dynamic Group Holdings Limited and the entities it controlled during the period.



Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth
28 February 2024

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General Information

The financial statements cover Dynamic Group Holdings Limited as a consolidated entity consisting of Dynamic Group Holdings Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Dynamic Group Holdings Limited's functional and presentation currency.

Dynamic Group Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered Office

C/O SmallCap Corporate Pty Ltd
Suite 1, 295 Rokeby Road
Subiaco WA 6008

Principal Place of Business

Level 2, 76 Hasler Road
Osborne Park WA 6017

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2024.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2023

	Note	31 December 2023	31 December 2022
Revenue	3	45,995,230	45,697,308
Other Income		297,800	179,669
Finance Income		1,235	223
Expenses			
Operating Expenses	4	(15,432,700)	(14,793,326)
Travel & Accommodation		(969,386)	(1,316,906)
Employee Benefits Expense		(1,321,364)	(1,886,988)
Employment Expenses		(17,124,917)	(18,157,525)
Depreciation and Amortisation Expense		(6,645,510)	(7,654,584)
Vehicle Expenses		(332,162)	(514,364)
Share Based Payments	13	(258,558)	(118,370)
Other Expenses		(3,191,002)	(4,105,502)
Finance Costs		(1,014,832)	(826,759)
Profit/(loss) before income tax (expense)/benefit		3,834	(3,497,124)
Income tax (expense)/benefit	5	2,851,181	985,496
Profit/(loss) after income tax (expense)/benefit for the half-year attributable to the owners of Dynamic Group Holdings Limited		2,855,015	(2,511,628)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Dynamic Group Holdings Limited		2,855,015	(2,511,628)
	Cents		Cents
Basic Earnings/(loss) per share		2.10	(2.05)
Diluted Earnings/(loss) per share		2.10	(1.93)

Consolidated Statement of Financial Position

For the half-year ended 31 December 2023

	Note	31 December 2023 \$	30 June 2023 \$
Assets			
Current Assets			
Cash and cash equivalents		10,282,145	12,145,233
Trade and other receivables		10,967,885	19,386,498
Inventories		6,636,861	7,400,157
Other		1,911,723	1,305,034
Total current assets		29,798,614	40,236,922
Non-current assets			
Property, plant and equipment	6	48,430,881	48,663,659
Right-of-use assets		1,231,736	1,515,179
Intangible assets	7	12,512,283	14,277,537
Deferred tax		937,306	1,106,510
Other		107,700	107,701
Total non-current assets		63,219,906	65,670,586
Total assets		93,018,520	105,907,508
Liabilities			
Current liabilities			
Trade and other payables		5,453,423	11,668,211
Borrowings	8	8,194,132	8,555,540
Lease liabilities		1,243,619	1,384,164
Income tax		2,254,296	3,769,993
Employee benefits		2,242,842	2,608,744
Provisions		960,000	500,000
Other		127,470	396,819
Total current liabilities		20,475,782	28,883,471
Non-current liabilities			
Borrowings	9	18,418,420	22,520,628
Lease liabilities		81,138	159,991
Deferred tax		3,512,105	6,925,916
Total non-current liabilities		22,011,663	29,606,535
Total liabilities		42,487,445	58,490,006
Net Assets		50,531,075	47,417,502
Equity			
Issued capital	10	40,754,826	40,591,602
Reserves		768,687	673,353
Retained profits		9,007,562	6,152,547
Total equity		50,531,075	47,417,502

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2023

	Issued Capital	Share based payment reserve	Retained Profits	Total Equity
Consolidated	\$	\$	\$	\$
Balance at 1 July 2022	32,091,602	373,288	4,166,054	36,630,944
Loss after income tax benefit for the half-year	-	-	(2,511,628)	(2,511,628)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,511,628)	(2,511,628)
Transactions with owners in their capacity as owners:				
Share-based payments (note 13)	-	118,370	-	118,370
Issues of shares for acquisitions	8,500,000	-	-	8,500,000
Balance at 31 December 2022	40,591,602	491,658	1,654,426	42,737,686

	Issued Capital	Share based payment reserve	Retained Profits	Total Equity
Consolidated	\$	\$	\$	\$
Balance at 1 July 2023	40,591,602	673,353	6,152,547	47,417,502
Profit after income tax benefit for the half-year	-	-	2,855,015	2,855,015
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	2,855,015	2,855,015
Transactions with owners in their capacity as owners:				
Share-based payments (note 13)	-	258,558	-	258,558
Conversion of performance rights	163,224	(163,224)	-	-
Balance at 31 December 2023	40,754,826	768,687	9,007, 562	50,531,075

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2023

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	57,297,100	49,228,889
Payments to suppliers and employees (inclusive of GST)	(48,313,814)	(45,649,374)
Receipts of other income	292,600	290,573
Interest received	1,235	224
Interest and other finance costs paid	(969,518)	(909,069)
Income taxes paid	(1,909,124)	(802,071)
Net cash from operating activities	6,398,479	2,159,172
Cash flows from investing activities		
Payment for purchase of business, net of cash acquired	-	(13,752,549)
Payments for property, plant and equipment	(3,533,239)	(2,484,725)
Proceeds from disposal of property, plant and equipment	-	149,351
Net cash used in investing activities	(3,533,239)	(16,087,923)
Cash flows from financing activities		
Proceeds from borrowings	-	15,867,639
Repayment of borrowings	(4,463,616)	(6,339,328)
Repayment of leases	(264,712)	(289,137)
Net cash from/(used in) financing activities	(4,728,328)	9,239,174
Net decrease in cash and cash equivalents	(1,863,088)	(4,689,577)
Cash and cash equivalents at the beginning of the financial half-year	12,145,233	9,503,502
Cash and cash equivalents at the end of the financial half-year	10,282,145	4,813,925

Notes to the Consolidated Policy Information

Note 1. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Basis of preparation

These general purpose financial statements for the half year ended 31 December 2022 have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). The group is a for profit entity for the purpose of this financial report.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

In accordance with the Corporations Act 2001, these financial statements present the results of

the consolidated entity only.

The accounting policies adopted are consistent with the accounting policies adopted in Dynamic's last annual financial statements for the year ended 30 June 2023. Comparative figures have been adjusted to confirm to changes in presentation for the current financial year.

Going Concern

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

Operating Segments

The consolidated entity is organised into one operating segment: Rendering of services. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Impairment of non-financial assets

The consolidated entity assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 3. Revenue

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
Services	45,995,230	45,697,308

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
<i>Product Type</i>		
Services	45,995,230	45,697,308
<i>Geographical Regions</i>		
Western Australia	45,995,230	45,697,308
<i>Timing of Revenue Recognition</i>		
Services transferred over time	45,995,230	45,697,308

During the period ended ended 31 December 2023, the consolidated entity derived revenue in excess of 10% of the total revenue of the entity as follows:

Customer	Revenue for the period ended 31 December 2023
	\$
BHP Group Ltd	8,104,647
Allkem Limited	7,261,034
Aurenne Mt Ida Pty Ltd	6,134,835

Note 4. Operating Expenses

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
Consumables	6,165,839	7,985,015
Maintenance	2,191,136	2,967,129
Labour Hire / Contractors	3,347,301	1,934,234
Freight	1,356,049	791,388
Other operating expenses	313,113	65,494
Equipment Hire	2,059,262	1,050,066
	15,432,700	14,793,326

Note 5. Income Tax Benefit

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
<i>Income tax benefit</i>		
Deferred tax – origination and reversal of temporary differences	(3,575,407)	(1,548,315)
Provision for Income Tax	724,226	562,819
Aggregate income tax benefit	(2,851,181)	(985,496)
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Profit/(loss) before income tax benefit	3,834	(3,497,124)
Tax at the statutory tax rate of 30%	1,150	(1,049,137)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	10,964	17,566
Share-based payments	77,568	35,511
Non Deductible items & adjustments	-	201
	89,682	(995,859)
Prior half-year temporary differences not recognised now recognised	(2,940,863)	-
Adjustment to deferred tax balances as a result of change in statutory tax rate	-	10,363
Income tax benefit	(2,851,181)	(985,496)

Note 6. Non-Current Assets – Property, Plant and Equipment

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
Leasehold improvements – at cost	416,368	322,337
Less: Accumulated depreciation	(143,313)	(136,090)
	273,055	186,247
Plant and equipment – at cost	91,846,486	88,306,517
Less: Accumulated depreciation	(45,958,402)	(42,027,914)
	45,888,084	46,278,603
Motor vehicles – at cost	5,162,501	4,787,810
Less: Accumulated depreciation	(2,892,759)	(2,589,001)
	2,269,742	2,198,809
	48,430,881	48,663,659

Reconciliations

Reconciliations of the written down values at the beginning and end of the previous financial year are set out below:

	Leasehold Improvements \$	Plant & Equipment \$	Motor Vehicles	Total \$
Balance as at 1 July 2022	184,905	33,060,028	2,707,465	35,952,398
Additions	14,990	10,140,420	10,100	10,165,510
Additions through business combinations	-	13,849,627	334,000	14,183,627
Disposals	-	(1,979,238)	(223,922)	(2,203,160)
Depreciation expense	(13,648)	(8,792,234)	(628,834)	(9,434,716)
Balance as at 30 June 2023	186,247	46,278,603	2,198,809	48,663,659

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Leasehold Improvements \$	Plant & Equipment \$	Motor Vehicles	Total \$
Consolidated				
Balance at 1 July 2023	186,247	46,278,603	2,198,809	48,663,659
Additions	94,031	4,244,431	35,298	4,373,760
Disposals	-	(529)	(9,196)	(9,725)
Reclassification	-	(304,218)	304,218	-
Depreciation expense	(7,223)	(4,330,204)	(259,386)	(4,596,813)
Balance at 31 December 2023	273,055	45,888,083	2,269,743	48,430,881

Note 7. Non-Current Assets – Intangible Assets

	Consolidated	
	31 December 2023 \$	30 June 2023 \$
Goodwill - at cost	7,928,058	7,928,058
Customer contracts - at cost	18,307,941	18,307,941
Less: Accumulated amortisation	(13,723,716)	(11,958,462)
	4,584,225	6,349,479
	12,512,283	14,277,537

As at 31 December 2023 indicators of impairment have been considered and management have assessed no impairment is required.

Note 8. Current Liabilities – Borrowings

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
Bank loans	8,199,792	8,540,560
Credit Cards	(5,660)	14,980
	8,194,132	8,555,540

Note 9. Non-Current Liabilities – Borrowings

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
Bank loans	18,418,420	22,520,628

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
Bank loans	26,618,212	31,061,188
Credit Cards	(5,660)	14,980
	26,612,552	31,076,168

Assets pledged as security

The loans are secured by first mortgages over the consolidated entity's plant and equipment.

The consolidated entity has available un-drawn asset finance facility limit of \$10,381,779 as at 31 December 2023.

Borrowing Covenants

The consolidated entity is required to satisfy the below bank covenants in relation to its facilities with the Commonwealth Bank of Australia:

- Debt Service Coverage Ratio of greater than 1.75:1 times EBITDA
- Gross Leverage Ratio of less than 1.75:1 times EBITDA
- Working Capital Drawn Debt to Debtors Ratio of less than 50%

All required ratios were satisfied during the period.

Note 10. Equity – Issued Capital

	Consolidated			
	31 December 2023 Shares	30 June 2023 Shares	31 December 2023 \$	30 June 2023 \$
Ordinary shares – fully paid	138,238,111	134,552,955	40,754,826	40,591,602

Movements in ordinary share capital for the year ended 30 June 2023.

Details	Date	Shares	Issue Price	\$
Balance	1 July 2022	114,873,844		32,091,602
Issue of securities	15 July 2022	3,012,444	\$0.31	1,000,000
Issue of securities	10 November 2022	16,666,667	\$0.45	7,500,000
Balance	30 June 2023	134,552,955		40,591,602

Movements in ordinary share capital for the half year ended 31 December 2023.

Details	Date	Shares	Issue Price	\$
Balance	1 July 2023	134,552,955		40,591,602
Conversion of Performance Rights	14 July 2023	3,302,440	\$0.00	103,200
Conversion of Performance Rights	25 July 2023	382,716	\$0.00	60,024
Balance	31 December 2023	138,238,111		40,754,826

Note 11. Related Party Transactions

There were no loans to or from related parties at the current and previous reporting date.

Note 12. Events After the Reporting Period

On 17 January 2024 the Company entered into a binding agreement to acquire Airwell Flow Testing for total consideration of \$2 million, with \$1.5 million payable on completion of customary conditions precedent and \$0.5 million payable 6 months after that date.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 13. Share-Based Payments

Options

Details of the Options expensed during the period ended 31 December 2023 are outlined below:

	Unlisted options Exercisable at \$0.82 Maturing on 10 December 2024	Unlisted options Exercisable at \$0.92 Maturing on 10 December 2025
Number of options	562,500	562,500
Exercise price	\$0.82	\$0.92
Issue date	10 December 2022	10 December 2022
Maturity date	10 December 2024	10 December 2025
Vesting final date	10 December 2023	10 December 2023
Share based payment expensed to 31 December 2023	\$14,717	\$15,952

	Unlisted options Exercisable at \$0.62 Maturing on 25 November 2024	Unlisted options Exercisable at \$0.69 Maturing on 25 November 2025	Unlisted options Exercisable at \$0.77 Maturing on 25 November 2026
Number of options	362,500	372,500	372,500
Exercise price	\$0.62	\$0.69	\$0.77
Issue date	25 November 2021	25 November 2021	25 November 2021
Maturity date	25 November 2024	25 November 2025	25 November 2026
Vesting final date	25 November 2022	25 November 2023	25 November 2024
Share based payment expensed to 31 December 2023	(\$672)	\$11,219	\$10,198

	Unlisted options Exercisable at \$0.58 Maturing on 10 November 2025	Unlisted options Exercisable at \$0.64 Maturing on 10 November 2026	Unlisted options Exercisable at \$0.72 Maturing on 10 November 2027
Number of options	28,500	28,500	28,500
Exercise price	\$0.58	\$0.64	\$0.72
Issue date	22 March 2023	22 March 2023	22 March 2023
Maturity date	10 November 2025	10 November 2026	10 November 2027
Vesting final date	10 November 2023	10 November 2024	10 November 2025
Shared based payment expensed to 31 December 2023	\$636	\$453	\$336

Performance Rights

Details of the Performance Rights issued during the period ended 31 December 2023 are outlined below:

	Date of Issue	Vesting Condition	No. of Performance Rights	Expiry Date	Probability of achieving milestone
NED Performance Rights	1 December 2023	Employment service until 1 December 2025	250,000	1 December 2026	100%

Details of the Performance Rights expensed in the period ended 31 December 2023 are outlined below:

	Unlisted Performance Rights Tranche 1	Unlisted Performance Rights Tranche 2	Unlisted Performance Rights Tranche 3
Number of Performance rights	500,000	500,000	500,000
Grant date	22 March 2023	22 March 2023	22 March 2023
Expiry date	22 March 2026	22 March 2027	22 March 2028
Share price at grant date	\$0.23	\$0.23	\$0.23
Share based payment expensed to 31 December 2023	\$9,476	\$1,550	\$385

	Unlisted Performance Rights Employee Tranche 1	Unlisted Performance Rights Employee Tranche 2	Unlisted Performance Rights NED
Number of Performance rights	645,468	1,729,468	250,000
Grant date	22 March 2023	22 March 2023	1 December 2023
Expiry date	22 March 2026	22 March 2027	1 December 2026
Share price at grant date	\$0.23	\$0.23	\$0.22
Share based payment expensed to 31 December 2023	\$69,102	\$92,916	\$2,257

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Garret Dixon
Chair

28 February 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dynamic Group Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Dynamic Group Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023, and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023, and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd



Phillip Murdoch

Director

Perth, 28 February 2024