

ASX Announcement

Operational Update & Contracts Secured

Dynamic Group Holdings Limited (ASX: DDB) ("Dynamic Group" or the "Company") is pleased to provide an operational update including a financial snapshot for the period ending 31 March 2024.

Key Points

- New contracts awarded with a total approximate value of \$11.1m to \$12.9m
- Contract awards of \$87.4m to \$97.1m since start of Q3 FY24 sets a solid foundation for Q4 FY24 into FY25
- Total contracted order book of over \$172m
- Multiple mobilisations have taken place during Q3 FY24 and in the early stages of Q4 FY24
- Utilisation significantly improved into Q4 FY24 after a challenging Q3 FY24

Snapshot – As at 31 March 2024

Share price (ASX: DDB) ³	\$0.21	Shares ²	139,014,549
Revenue for the Quarter ¹	\$11.9m	EBITDA for the Quarter ¹	\$2.3m
Revenue Financial year to date ¹	\$58.2m	EBITDA Financial year to date ¹	\$10.0m
Market Capitalisation ³	\$29.2m	Gross Debt ^{1,2}	\$26.5m
Cash at end of the Quarter ^{1,2}	\$6.5m	Net Tangible Assets / Share ^{1,2}	\$0.265

While Q3 FY24 was a challenging quarter with lower than anticipated fleet utilisation across the businesses impacting revenue where a strong focus on cost management assisted to minimise impact on gross margin. The Company recorded Q3 FY24 revenue of \$11.9m and achieved EBITDA of \$2.3m.

Orlando Drilling

Orlando Drilling Pty Ltd ("**Orlando**"), Dynamic Group's exploration focussed business was underperformed in Q3 FY24 due to increasing availability of equipment in the market, weather events and project start delays. Subsequent to the end of the quarter, deployments of equipment and personnel and a steadily increasing level of enquiry for RC/AC and Grade Control drilling applications is facilitating a recovery of performance for the business unit. Stringent cost controls remain in place, with the Company prioritising margins over revenue.

¹ Unaudited financial figures.

² As at 31 March 2024

³ As at 30 April 2024

Dynamic Drill & Blast

Dynamic Drill & Blast Pty Ltd ("**Drill & Blast**") undertook preparation works and incurred mobilisation costs for the establishment of a number of newly secured projects, with earnings to be generated through Q4 FY24 onwards. Although the Drill & Blast business was not affected to the same extent as Orlando by market conditions through Q3 FY24, multiple project delays and significant weather events in the Pilbara and Goldfields regions resulted in softer than expected utilisation over the period. The Company is pleased to see business development activity converting opportunities into contracts and providing a solid pipeline.

Significant costs were incurred relating to the preparation of equipment (up to 8 blast hole drills during the contract term) for the Long Term Drill & Blast Contract with Silverlake Resources Ltd ("**Silverlake**") which is expected to generate between \$60m and \$65m over an anticipated term of 49 months. Although mobilisation took place during Q3FY24 and drilling commenced in the same period, blasting activity didn't commence until Q4 FY24.

Welldrill & Airwell Flow Testing

Dynamic Group's water focussed business ("**Welldrill**") continues to deliver services across a number of projects in the Pilbara with its long-term client, BHP at its , as well as other shorter term focussed projects. Welldrill was also impacted by extended shutdowns over the January period, as well as weather events which impacted operational utilisation due to access. The demand and level of enquiry for Welldrill's services remains high. Dynamic continues to assess growth opportunities for the Welldrill business, a rationale which supported the acquisition of Airwell Flow Testing Pty Ltd ("**Airwell**"). Since settlement of Airwell in late February 2024, integration of the business has been undertaken, equipment and personnel have also been allocated to projects for both existing and new customers. Looking forward, we anticipate that the combination of Welldrill and Airwell will deliver significant benefits to both customers and the Company.

Contract wins providing pathway to improved utilisation

Adding to Dynamic Group's portfolio of mining, construction, exploration, grade control and water related projects, additional projects with an approximate revenue of \$11.1m to \$12.9m to be generated over the respective contract durations (which range between 12 months to 4 years) have recently been secured by the Company. The new contracts include an additional 12 month Drill & Blast contract with Carey Mining Pty Ltd ("**Carey**"), new work with two of the three tier 1 Western Australian iron ore producers as well as Orlando securing a contract with Pilbara Manganese Pty Ltd for an anticipated 2 year term. The above contracts are in addition to the previously announced secured projects (20 February 2024) which are expected to generate revenue of between \$16.3m and \$19.2m over the initial 12 month period, as well as the Silverlake \$60m to \$65m long term Drill & Blast project, resulting in a total contracted order book for the Company of over \$172m.

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 provide 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 Pty Ltd 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.

Welldril (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.

Airwell Flow Testing is a division of the Company and provides water bore flow testing services utilising proprietary intellectual property and bespoke assets.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Dynamic Group Holdings Limited's planned work and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential", "should," and similar expressions are forward-looking statements. Although Dynamic Group Holdings Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual work will be consistent with these forward-looking statements.

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