

Dynamic Group Holdings Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Dynamic Group Holdings Limited
ABN:	49 640 888 213
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	26.0% to	76,073,641
Loss from ordinary activities after tax attributable to the owners of Dynamic Group Holdings Limited	down	531.8% to	(8,576,889)
Loss for the year attributable to the owners of Dynamic Group Holdings Limited	down	531.8% to	(8,576,889)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$8,576,889 (30 June 2023: profit of \$1,986,493).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>26.07</u>	<u>24.65</u>

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 previous 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):

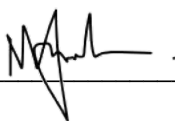
The financial statements have been audited and an unmodified opinion has been issued.

10. Attachments

Details of attachments (if any):

The Annual Report of Dynamic Group Holdings Limited for the year ended 30 June 2024 is attached.

11. Signed

Signed  _____

Date: 30 August 2024



Dynamic Group Holdings Limited

ABN 49 640 888 213

Annual Report - 30 June 2024

Dynamic Group Holdings Limited
Corporate directory
30 June 2024

Directors	Matthew Freedman - Managing Director Garret Dixon - Chair Mark Davis - Non-executive Director George Garnett - Non-executive Director Mark Hine - Non-executive Director
Company secretary	James Bahen
Registered office	Suite 1 295 Rokeby Road Subiaco WA 6008
Principal place of business	Level 2 76 Hasler Road Osborne Park WA 6017
Share register	Automic Registry Services Level 5 191 St Georges Terrace Perth WA 6000
Auditor	BDO Audit Pty Ltd Level 9 Mia Tellagonga Tower 2 5 Spring Street Perth WA 6000
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)
Website	www.dynamicgroupholdings.com.au
Corporate Governance Statement	A copy of the Corporate Governance statement can be found at www.dynamicgroupholdings.com.au

Dynamic Group Holdings Limited
Directors' report
30 June 2024

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 year ended 30 June 2024.

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:

Mark Davis
Matthew Freedman
George Garnett
Garret Dixon
Joel Skipworth (resigned 1 December 2023)
Mark Hine (appointed 1 December 2023)

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of:

- Mine production Drill & Blast
- Construction Drill & Blast
- Vibration sensitive Drill & Blast
- Exploration Drilling
- Grade control Drilling
- Production supply and injection wells
- Deep artesian & geothermal wells
- Mine service holes
- Pump test services

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$8,576,889 (30 June 2023: profit of \$1,986,493).

Operational performance for the consolidated entity resulted in FY24 revenue from ordinary activities of \$76.1m and EBITDA of \$13.8m.

As a result of an on-market takeover bid, detailed in subsequent events, the offer has provided an implied value for the Company. Accordingly to align to this value, the Company has recognised an impairment of investments of \$9,233,881.

	2024	2023
	\$	\$
Normalised NPAT (Non-IFRS)		
Statutory NPAT	(8,576,887)	1,986,493
One-off transaction costs	-	315,000
Non-cash amortisation of customer contracts	3,185,283	5,387,051
Non-cash impairment of assets	9,233,881	-
Normalised operating NPAT	<u>3,842,277</u>	<u>7,688,544</u>

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 3 divisions, Dynamic Drill & Blast, Orlando Drilling and Welldrill (Airwell Flow Testing operates under the Welldrill division).

FY24 margins were impacted by one-off transaction costs, challenging market conditions within the exploration business as well as group wide labour challenges, COVID absenteeism and significant weather events. The implementation of cost saving and efficiency initiatives, shared services model and improved operational performance resulted in an improved second half. The implementation of shared services model provides a platform for growth and margin expansion.

Dynamic Group Holdings Limited
Directors' report
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Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 26 July 2024, the Australian Meat Industry Superannuation Pty Ltd as trustee for the Australian Meat Industry Superannuation Trust (ABN 28 342 064 803) announced an on-market takeover bid offer for all of the shares in Dynamic Group Holdings Limited. The offer is for \$0.28 cash per share and closes on 9 September 2024.

On 9 August 2024, the Australian Meat Industry Superannuation Pty Ltd as trustee for the Australian Meat Industry Superannuation Trust (ABN 28 342 064 803) and its associates held an aggregated relevant interest in 61.627% of the ordinary fully paid shares in Dynamic Group Holdings Limited. This relevant interest is sufficient for the Australian Meat Industry Superannuation Pty Ltd as trustee for the Australian Meat Industry Superannuation Trust (ABN 28 342 064 803) to control the composition of the Dynamic Group Holdings Limited Board.

No other matter or circumstance has arisen since 30 June 2024 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.

Likely developments and expected results of operations

The Company will continue to provide services in line with its principal activities and will maintain focus on securing additional work in line with principal activities.

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

Environmental regulation

The consolidated entity is subject to and is compliant with all aspects of environmental regulation relevant to their operations. The directors are not aware of any environmental law that is not being complied with.

Information on directors

Name:	Mark Troy Davis
Title:	Non Executive Director
Experience and expertise:	Mark has over 25 years' experience in the sector and has worked with Action Drill & Blast, Ausdrill and was part of the founding management team at Rock on Ground as Operations Manager. Mark was also Managing Director of MTD Drill & Blast Consulting providing specialised blasting expertise to Tier 1 operators.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	9,614,553
Interests in options:	1,235,000
Interests in rights:	0

Dynamic Group Holdings Limited**Directors' report****30 June 2024**

Name:	Garret John Dixon
Title:	Non Executive Chair
Qualifications:	Bachelor of Engineering (Hons) Master of Business Administration Member of the Australian Institute of Company Directors
Experience and expertise:	Garret is an experienced and accomplished senior executive with extensive experience in the resources, transport and contracting sectors in Australia and overseas. His work in both private and ASX listed companies spans more than three decades. Garret's career since graduation in 1981 includes time with a Federal Government construction department, Executive General Manager for civil construction and contract mining group Henry Walker Eltin Ltd, Managing Director of logistics company Mitchell Corporation, Managing Director & CEO of ASX listed Gindalbie Metals Ltd and Vice President Alcoa & President of Iron Ore Business Development for rail freight operator Aurizon. Until recently, Garret held the position of Executive Vice President Alcoa & President Bauxite where he was responsible for the global bauxite mining business for the NYSE listed Alcoa Corporation.
Other current directorships:	Non-executive Director - BCI Minerals Limited Non-executive Director - Chalice Gold Mines Limited Non-executive Director - MLG Oz Limited
Former directorships (last 3 years):	
Interests in shares:	925,556
Interests in rights:	0
Name:	Matthew Leo Freedman
Title:	Chief Executive Officer and Managing Director
Qualifications:	Bachelor of Business Administration
Experience and expertise:	Matthew is experienced in the mining and mining services sector, Matthew's earlier roles include working for Rio Tinto, Worley Parsons and Emeco in the areas of project & contract management, procurement and business development.
Other current directorships:	Nil
Former directorships (last 3 years):	Non-executive Director - Cosmos Exploration Limited Non-executive Director - Ardiden Limited
Interests in shares:	9,614,553
Interests in options:	1,077,500
Interests in rights:	0
Name:	George Henry Miller Garnett
Title:	Non-executive Director
Qualifications:	Bachelor of Commerce
Experience and expertise:	George is an experienced corporate finance executive, having originated, advised on the formation and execution of numerous transactions in emerging companies. George has held senior roles within the Corporate Finance teams of Canaccord Genuity (Australia) Limited and Patersons Securities Limited.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	1,598,614
Interests in options:	316,540
Interests in rights:	335,460
Name:	Joel Skipworth
Title:	Executive Director (resigned 1 December 2023)
Experience and expertise:	Joel has significant mechanical engineering experience and is a co-founder of Orlando Drilling. He is responsible for securing strong customer and supplier relationships and managing and maintaining equipment and fleet procurement.
Other current directorships:	
Former directorships (last 3 years):	
Interests in shares:	16,250,000
Interests in options:	552,500

Dynamic Group Holdings Limited

Directors' report

30 June 2024

Name:	Mark Hine
Title:	Non-Executive Director (appointed 1 December 2023)
Experience and expertise:	Mark is a mining engineer and experienced Non-Executive Director and has extensive global mining experience with over 30 years of senior management roles in both surface and underground mining operations across Australia, New Zealand, Turkey, and China.
	While acting on the Perenti Limited board, Mark was the Chair of their People and Remuneration Committee, a Member of the Sustainability Committee as well as a Member of the Nominations Committee.
Other current directorships:	Non-executive Director - St Barbara Limited Non-executive Director - Spartan Resources Limited
Former directorships (last 3 years):	
Interests in shares:	75,000
Interests in rights:	250,000

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

The Company secretary is James Bahen.

James is a director and equity partner of SmallCap Corporate and chartered secretary. He is currently a non-executive director and company secretary to a number of ASX-listed companies and has a broad range of corporate governance and capital markets experience, having been involved with public company listings, mergers and acquisitions transactions and capital raisings for ASX-listed companies across the resource industry.

James is a member of the Governance Institute of Australia and holds a Graduate Diploma of Applied Finance and a Bachelor of Commerce degree majoring in accounting and finance.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Mark Davis	9	9
Garret Dixon	9	9
Matthew Freedman	9	9
George Garnett	9	9
Joel Skipworth	4	4
Mark Hine	4	5

The number of meetings of the company's Audit and Risk Committee ('ARC'), Remuneration & Nomination Committee and Health Safety & Environment Committee held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Audit & Risk Committee		Remuneration & Nomination Committee	
	Attended	Held	Attended	Held
<i>Members of Committee</i>	-	-	-	-
Mark Davis	-	-	2	2
Garret Dixon	1	2	2	2
George Garnett	2	2	2	2
Matthew Freedman	2	2	-	-
Joel Skipworth	1	1	-	-

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to equity instruments
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The Board is responsible for determining and reviewing the compensation of the directors and the executive directors are responsible for determining and reviewing the remuneration of senior executives. This process requires consideration of the levels and form of remuneration appropriate to securing, motivating and retaining executives with the skills to manage the Company's operations. The Board of Directors assesses market rates and seeks the advice of external advisers, where necessary, in connection with the structure of remuneration packages. The Board also recommends levels and form of remuneration for Non-Executive Directors with reference to performance, relevant comparative remuneration and independent expert advice. The total sum of remuneration payable to Non-Executive Directors shall not exceed the sum fixed by members of the Company in general meeting. The Company has not used a remuneration consultant.

The Board have considered that it should seek to enhance shareholders' interests by:

- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has three components:

- base pay and non-monetary benefits
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

Dynamic Group Holdings Limited
Directors' report
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Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Dynamic Group Holdings Limited:

- Mark Davis (commenced with Dynamic Drill & Blast Pty Ltd on 24 October 2011, executive service agreement replaced this on 26 July 2020)
- Matthew Freedman (commenced with Dynamic Drill & Blast Pty Ltd on 11 September 2018, executive service agreement replaced this on 26 July 2020, subsequent executive service agreement replaced this on 8 April 2024)
- Garret Dixon (appointed 30 June 2020)
- George Garnett (commenced with Dynamic Drill & Blast Pty Ltd on 12 March 2019, letter of appointment replaced this on 30 June 2020)
- Joel Skipworth (appointed 14 July 2021 and resigned on 1 December 2023)
- Mark Hine (appointed 1 December 2023)
- Geoffrey Newman (resigned on 5 April 2024)

	Short-term benefits			Post-employment benefits	Leave entitlements paid out	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Annual & Long service leave	Equity-settled	Total
2024	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Garret Dixon	93,615	-	-	10,298	-	-	103,913
George Garnett	56,807	-	-	6,249	-	-	63,056
Mark Hine	33,462	-	-	3,681	-	15,951	53,094
Mark Davis	161,790	116,025	-	17,718	148,738	38,336	482,607
<i>Executive Directors:</i>							
Matthew Freedman	295,440	116,025	-	32,435	-	33,421	477,321
Joel Skipworth	210,000	40,904	-	20,435	-	19,108	290,447
<i>Other Key Management Personnel:</i>							
Geoffrey Newman	312,952	48,219	-	31,819	-	(5,993)	386,997
	1,164,066	321,173	-	122,635	148,738	100,823	1,857,435

Joel Skipworth resigned as Director on 1 December 2023, Joel continued to be employed in the business as Asset Manager.

The above cash bonus amounts include cash bonuses paid during the financial year ended 30 June 2024, which were accrued as at 30 June 2023.

Dynamic Group Holdings Limited
Directors' report
30 June 2024

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
2023							
<i>Non-Executive Directors:</i>							
Garret Dixon	81,846	-	-	8,594	-	-	90,440
George Garnett	51,154	-	-	5,371	-	-	56,525
<i>Executive Directors:</i>							
Mark Davis	248,863	131,400	-	25,782	-	74,902	480,947
Matthew Freedman	261,692	114,975	-	27,478	-	65,442	469,587
David Kinnersley	260,935	104,050	-	39,356	-	27,290	431,631
Joel Skipworth	210,000	104,050	-	32,975	-	27,290	374,315
<i>Other Key Management Personnel:</i>							
Geoffrey Newman	131,923	-	-	13,852	-	7,109	152,884
	1,246,413	454,475	-	153,408	-	202,033	2,056,329

David Kinnersley resigned on 21 April 2023, the amounts reflected above include pay out of his entitlements.

The above cash bonus amounts include cash bonuses paid during the financial year ended 30 June 2023. As at 30 June 2023, accruals for cash bonus to be paid during the year ended 30 June 2024 totaling \$320,450 have been raised, however are not included within the above.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2024	2023	2024	2023	2024	2023
<i>Non-Executive Directors:</i>						
Garret Dixon	100%	100%	-	-	-	-
George Garnett	100%	100%	-	-	-	-
Mark Davis	68%	57%	24%	27%	8%	16%
Mark Hine	100%	-	-	-	-	-
<i>Executive Directors:</i>						
Matthew Freedman	69%	62%	24%	25%	7%	13%
Joel Skipworth	79%	65%	14%	28%	7%	7%
<i>Other Key Management Personnel:</i>						
Geoffrey Newman	89%	95%	13%	-	(2%)	5%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Matthew Freedman
Title:	Chief Executive Officer and Managing Director
Agreement commenced:	8 April 2024
Term of agreement:	No fixed term
Details:	\$375,000 per annum excluding superannuation

Dynamic Group Holdings Limited
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Name: Geoffrey Newman
Title: Chief Executive Officer
Agreement commenced: 14 February 2023 (resigned 5 April 2024)
Term of agreement: No fixed term
Details: \$310,000 (plus superannuation)

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Termination for any other reason will require 6 months notice, or where payment is made in lieu of notice being serviced, 6 months base salary.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2024.

Issue of Options

There were no options issued to directors and other key management personnel as part of compensation during the year ended 30 June 2024.

Issue of Rights

Details of rights issued to directors and other key management personnel as part of compensation during the year ended 30 June 2024 are set out below:

Name	Number of rights granted	Grant date	Vesting date	Expiry date	Exercise price	Fair value per right at grant date	Vesting condition
Mark Hine	<u>250,000</u>	01/12/2023	01/12/2025	01/12/2026	\$0.00	\$0.220	24 months service

Values of rights granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2024 are set up below:

Name	Value of rights granted during the year	Value of rights exercised during the year	Value of rights lapsed during the year	Remuneration consisting of rights for the year %
Mark Hine	<u>15,951</u>	<u>-</u>	<u>-</u>	30.00%

Additional disclosures relating to equity instruments

The earnings of the consolidated entity for the five years to 30 June 2024 are summarised below:

	2024 \$	2023 \$	2022 \$	2021 \$	2020 \$
Sales revenue	76,073,641	102,856,417	73,037,276	22,508,589	15,213,916
EBITDA	13,613,103	17,631,030	17,123,264	5,042,046	2,218,581
EBIT	(10,695,134)	1,633,243	4,403,255	2,363,526	435,433
Profit / (Loss) after income tax	(8,576,887)	1,986,493	2,047,302	1,640,132	434,882

Dynamic Group Holdings Limited
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The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2024	2023	2022	2021	2020
Share price at financial year end (\$)	0.19	0.27	0.31	0.42	-
Basic earnings/(loss) per share (cents per share)	(6.18)	1.55	1.81	3.07	1.73
Diluted earnings/(loss) per share (cents per share)	(6.18)	1.54	1.69	2.70	1.73

Additional disclosures relating to key management personnel

Shareholding - ordinary shares

The number of securities in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Mark Davis	8,333,333	-	1,281,220	-	9,614,553
Matthew Freedman	8,333,333	-	1,281,220	-	9,614,553
Garret Dixon	305,556	-	620,000	-	925,556
George Garnett	1,598,614	-	-	-	1,598,614
Joel Skipworth	16,250,000	-	-	-	16,250,000
Mark Hine	-	-	75,000	-	75,000
	<u>34,820,836</u>	<u>-</u>	<u>3,257,440</u>	<u>-</u>	<u>38,078,276</u>

Joel Skipworth resigned on 1 December 2023 and on termination held 16,250,000 ordinary shares.

Equity Holding - Performance Rights

The number of unlisted performance rights in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year unvested	Balance at the end of the year vested and exercisable
Performance Rights						
Mark Davis	1,281,220	-	-	(1,281,220)	-	-
Matthew Freedman	1,281,220	-	-	(1,281,220)	-	-
George Garnett	335,460	-	-	-	-	335,460
Garret Dixon	620,000	-	-	(620,000)	-	-
Joel Skipworth	-	-	-	-	-	-
Mark Hine	-	250,000	-	-	-	250,000
Geoffrey Newman	1,500,000	-	-	(1,500,000)	-	-
	<u>5,017,900</u>	<u>250,000</u>	<u>-</u>	<u>(4,682,440)</u>	<u>-</u>	<u>585,460</u>

Dynamic Group Holdings Limited
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Equity Holding - Options

The number of unlisted options in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ Lapsed other	Balance at the end of the year unvested	Balance at the end of the year vested and exercisable
Options						
Mark Davis	1,435,000	-	-	(200,000)	1,235,000	-
Matthew Freedman	1,252,500	-	-	(175,000)	1,077,500	-
George Garnett	-	-	-	-	-	-
Garret Dixon	-	-	-	-	-	-
Joel Skipworth	552,500	-	-	-	552,500	-
Mark Hine	-	-	-	-	-	-
Geoffrey Newman	85,500	-	-	(57,000)	-	28,500
	<u>3,325,500</u>	<u>-</u>	<u>-</u>	<u>(432,000)</u>	<u>2,865,000</u>	<u>28,500</u>

There are no other transactions with Key Management Personnel.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Dynamic Drill and Blast Holdings Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
10/12/2020	10/12/2024	\$0.82	562,500
10/12/2020	10/12/2025	\$0.92	562,500
25/11/2021	25/11/2024	\$0.62	362,500
25/11/2021	25/11/2025	\$0.69	372,500
25/11/2021	25/11/2026	\$0.77	372,500
10/11/2022	10/11/2025	\$0.58	423,500
10/11/2022	10/11/2026	\$0.64	395,000
10/11/2022	10/11/2027	\$0.72	395,000

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

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Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of BDO Audit Pty Ltd

There are no officers of the company who are former partners of BDO Audit Pty Ltd.

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.

Auditor

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Matthew Freedman
Director

30 August 2024

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

As lead auditor of Dynamic Group Holdings Limited for the year ended 30 June 2024, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

BDO


Phillip Murdoch

Director

BDO Audit Pty Ltd

Perth, 30 August 2024

Dynamic Group Holdings Limited

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30 June 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 30 August 2024. The directors have the power to amend and reissue the financial statements.

Dynamic Group Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Revenue	4	76,073,641	102,856,417
Other income	5	257,440	547,627
Finance Income		27,344	882
Expenses			
Operating expenses	6	(22,654,192)	(35,094,894)
Travel & accommodation		(2,417,139)	(2,754,669)
Employee benefits expense		(2,697,620)	(3,473,571)
Employment Expenses		(30,139,187)	(37,801,780)
Depreciation and amortisation expense	12	(15,074,356)	(15,189,514)
Impairment of investments	13	(9,233,881)	-
Vehicle expenses		(1,121,941)	(1,617,395)
Share based payments - employee benefits	37	(436,055)	(300,065)
Other expenses	7	(3,279,188)	(5,318,809)
Finance costs		(2,084,235)	(1,820,334)
Profit/(loss) before income tax benefit		(12,779,369)	33,895
Income tax benefit	8	4,202,480	1,952,598
Profit/(loss) after income tax benefit for the year attributable to the owners of Dynamic Group Holdings Limited	23	(8,576,889)	1,986,493
Other comprehensive income/(loss) for the year, net of tax		-	-
Total comprehensive income/(loss) for the year attributable to the owners of Dynamic Group Holdings Limited		<u>(8,576,889)</u>	<u>1,986,493</u>
		Cents	Cents
Basic earnings/(loss) per share	36	(6.20)	1.55
Diluted earnings/(loss) per share	36	(6.20)	1.54

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Dynamic Group Holdings Limited
Consolidated statement of financial position
As at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents		1,845,425	12,145,233
Trade and other receivables	9	18,000,831	19,386,498
Inventories	10	6,715,558	7,400,157
Other current assets	11	1,757,677	1,305,034
Total current assets		<u>28,319,491</u>	<u>40,236,922</u>
Non-current assets			
Property, plant and equipment	12	45,174,254	48,663,659
Right-of-use assets		1,965,692	1,515,179
Intangibles	13	3,164,196	14,277,537
Deferred tax assets	14	809,696	1,106,510
Other non-current assets		108,098	107,701
Total non-current assets		<u>51,221,936</u>	<u>65,670,586</u>
Total assets		<u>79,541,427</u>	<u>105,907,508</u>
Liabilities			
Current liabilities			
Trade and other payables	15	6,820,291	11,668,211
Borrowings	16	22,381,195	8,555,540
Lease liabilities		1,261,980	1,384,164
Income tax payable		643,100	3,769,993
Employee benefits	17	2,152,687	2,608,744
Provisions	18	500,000	500,000
Other current liabilities		532,692	396,819
Total current liabilities		<u>34,291,945</u>	<u>28,883,471</u>
Non-current liabilities			
Borrowings	19	2,037,839	22,520,628
Lease liabilities		840,532	159,991
Deferred tax liabilities	20	3,094,443	6,925,916
Total non-current liabilities		<u>5,972,814</u>	<u>29,606,535</u>
Total liabilities		<u>40,264,759</u>	<u>58,490,006</u>
Net assets		<u>39,276,668</u>	<u>47,417,502</u>
Equity			
Issued capital	21	40,965,169	40,591,602
Reserves	22	735,841	673,353
Retained profits/(accumulated losses)	23	(2,424,342)	6,152,547
Total equity		<u>39,276,668</u>	<u>47,417,502</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Dynamic Group Holdings Limited
Consolidated statement of changes in equity
For the year ended 30 June 2024

	Issued capital \$	Share based payment reserve \$	Retained profits \$	Total equity \$
Balance at 1 July 2022	32,091,602	373,288	4,166,054	36,630,944
Profit after income tax benefit for the year	-	-	1,986,493	1,986,493
Other comprehensive income/(loss) for the year, net of tax	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	1,986,493	1,986,493
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 37)	-	300,065	-	300,065
Issue of shares for acquisition of business	8,500,000	-	-	8,500,000
Balance at 30 June 2023	<u>40,591,602</u>	<u>673,353</u>	<u>6,152,547</u>	<u>47,417,502</u>
	Issued capital \$	Share based payment reserve \$	Retained profits \$	Total equity \$
Balance at 1 July 2023	40,591,602	673,353	6,152,547	47,417,502
Loss after income tax benefit for the year	-	-	(8,576,889)	(8,576,889)
Other comprehensive income/(loss) for the year, net of tax	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	(8,576,889)	(8,576,889)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 37)	-	436,055	-	436,055
Conversion of Performance Rights	373,567	(373,567)	-	-
Balance at 30 June 2024	<u>40,965,169</u>	<u>735,841</u>	<u>(2,424,342)</u>	<u>39,276,668</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Dynamic Group Holdings Limited
Consolidated statement of cash flows
For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		84,409,300	114,684,789
Payments to suppliers and employees (inclusive of GST)		(74,114,833)	(94,975,664)
Receipts of Government Grants		163,157	316,310
Receipts of other income		267,941	231,317
Interest received		27,345	882
Interest and other finance costs paid		(1,879,070)	(1,846,652)
Income taxes paid		(2,459,069)	(1,540,090)
Net cash from operating activities	33	<u>6,414,771</u>	<u>16,870,892</u>
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired		-	(17,752,548)
Payments for property, plant and equipment		(8,345,435)	(9,902,712)
Proceeds from disposal of property, plant and equipment		<u>411,425</u>	<u>1,615,873</u>
Net cash used in investing activities		<u>(7,934,010)</u>	<u>(26,039,387)</u>
Cash flows from financing activities			
Proceeds of borrowings		2,000,000	24,313,671
Repayment of borrowings		(8,657,135)	(11,789,889)
Repayment of leases		<u>(2,123,434)</u>	<u>(713,556)</u>
Net cash from/(used in) financing activities		<u>(8,780,569)</u>	<u>11,810,226</u>
Net increase/(decrease) in cash and cash equivalents		(10,299,808)	2,641,731
Cash and cash equivalents at the beginning of the financial year		<u>12,145,233</u>	<u>9,503,502</u>
Cash and cash equivalents at the end of the financial year		<u><u>1,845,425</u></u>	<u><u>12,145,233</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Material accounting policy information

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements 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.

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 30.

Going Concern

The consolidated entity incurred loss before tax of \$12,779,369 (2023: Profit \$33,895) during the reporting period ended 30 June 2024, and had a net cash outflow of \$10,299,808 (2023: inflow \$2,641,731).

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. There is material uncertainty that may cast doubt about the entity's ability to continue as a going concern as a result of the the impact of review of funding arrangements with the Commonwealth Bank of Australia (CBA).

As part of Dynamic's funding arrangements with Commonwealth Bank of Australia (CBA), Dynamic constantly engages with CBA to ensure compliance with various covenants and undertakings.

On 9 August 2024 a review event of the funding agreement with CBA occurred when Australian Meat Industry Superannuation Pty Ltd (ACN 002 981 919) as trustee for Australian Meat Industry Superannuation Trust (ABN 28 342 064 803) trading as Australian Food Super (AFS) acquired more than 50% of the entities shares on issue. CBA has until 9 September 2024 to complete its review. At conclusion of its review, and as allowed for under the finance documents, there is a risk that CBA may exercise certain rights under the finance documents, including acceleration of repayment of outstanding monies under the agreement. The exercise of these rights could have a material adverse effect of the entities activities and financial condition.

In addition to the above, there is potential for one of the CBA financial covenants to be breached when measured at 30 June 2024. The entity intends to engage constructively with CBA to seek a waiver in relation to this covenant (if required). If a waiver is required and is not provided, then this would potentially be a default under the funding agreement with CBA. CBA may exercise certain rights under the finance documents, including acceleration of repayment of outstanding monies under the agreement. The exercise of these rights could have a material adverse effect on the entities activities and financial condition.

In any circumstance where repayment becomes due, the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. The entity would need to obtain alternative sources of funding which may be in the form of a new debt or equity, and the terms of any new funding may not be as attractive as the current arrangements, or in the case of new equity it may be dilutive to existing shareholders. To the extent CBA exercise any rights under the finance document to accelerate repayment of outstanding monies under the agreement, the entity is confident it will be able to obtain alternative funding sources.

Note 1. Material accounting policy information (continued)

Revenue recognition

The consolidated entity recognises revenue as follows:

Rendering of services

Revenue from a contract to provide services is recognised in the accounting period when services are provided. For contracts that includes schedule of rate fees, revenue is recognised in the amount to which the group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

The consolidated entity provides drilling and blasting services to its customers which typically involves one performance obligation which are satisfied over time.

Mobilisation

Mobilisation fees are paid at the commencement of contracts, the revenue for which is deferred and recorded over the term of each contract.

Income tax

Dynamic Group Holdings Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Trade and other receivables

Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Inventories

Stock on hand is stated at the higher of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years

Right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life.

Right-of-use assets that meet the definition of investment property are measured at fair value where the consolidated entity has adopted a fair value measurement basis for investment property assets.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets.

Note 1. Material accounting policy information (continued)

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost.

Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit.

Trade and other payables

The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

Note 1. Material accounting policy information (continued)

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Government Grants

Government grants are recognised when there is reasonable certainty that the grant will be received and all grant conditions are met.

Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

Grants relating to depreciable assets are credited to deferred income and are recognised in profit or loss over the period and in the proportions in which depreciation expense on those assets is recognised.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2024. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates and forward looking estimates. Judgement has been exercised in determining nil allowance for expected credit losses.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation charges for its property, plant and equipment assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on fair value less cost to sell basis.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

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.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

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.

Deferred consideration

The deferred consideration liability is the difference between the total purchase consideration in relation to the acquisition of Orlando, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. The consolidated entity applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the deferred consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

Note 3. Operating segments

Identification of reportable 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 4. Revenue

	2024	2023
	\$	\$
Services	<u>76,073,641</u>	<u>102,856,417</u>

Disaggregation of revenue

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

	2024	2023
	\$	\$
<i>Product type</i>		
Services	<u>76,073,641</u>	<u>102,856,417</u>
<i>Geographical regions</i>		
Western Australia	<u>76,073,641</u>	<u>102,856,417</u>
<i>Timing of revenue recognition</i>		
Services transferred over time	<u>76,073,641</u>	<u>102,856,417</u>

Dynamic Group Holdings Limited
Notes to the financial statements
30 June 2024

Note 4. Revenue (continued)

During the year ended 30 June 2024, the consolidated entity derived revenue in excess of 10% of the total revenue of the entity as follows:

	Revenue for the year ended 30 June 2024	Revenue for the year ended 30 June 2023
	\$	\$
Customer		
Alkem Ltd	6,728,018	22,157,334
BHP Billiton Ltd	16,174,003	14,893,600

Note 5. Other income

	2024 \$	2023 \$
Net gain on disposal of property, plant and equipment	(173,658)	-
Subsidies and grants	163,157	316,310
Insurance recoveries	267,941	231,317
Other income	<u>257,440</u>	<u>547,627</u>

Note 6. Operating expenses

	2024 \$	2023 \$
Consumables / Maintenance	13,797,379	24,603,395
Labour Hire / Contractors	4,830,233	5,184,317
Equipment hire (short term)	1,640,939	3,305,219
Freight	2,385,641	2,001,963
	<u>22,654,192</u>	<u>35,094,894</u>

Note 7. Other expenses

	2024 \$	2023 \$
Legal & consulting	102,814	507,564
Rental & associated expenses	425,417	309,135
Audit & Accounting	86,478	155,298
Insurance	1,152,678	1,636,110
One-off transaction related costs	-	315,000
Other expenses	1,010,885	1,303,192
Computer & Telephone	500,916	505,223
Net loss on disposal of Property, plant & equipment	-	587,287
	<u>3,279,188</u>	<u>5,318,809</u>

Dynamic Group Holdings Limited
Notes to the financial statements
30 June 2024

Note 8. Income tax benefit

	2024	2023
	\$	\$
<i>Income tax benefit</i>		
Deferred tax - origination and reversal of temporary differences	(4,313,272)	(4,980,991)
Provision for income tax	110,792	3,028,393
Aggregate income tax benefit	<u>(4,202,480)</u>	<u>(1,952,598)</u>
Deferred tax included in income tax benefit comprises:		
Decrease/(increase) in deferred tax assets (note 14)	296,814	(90,011)
Decrease in deferred tax liabilities (note 20)	(4,610,086)	(4,890,980)
Deferred tax - origination and reversal of temporary differences	(4,313,272)	(4,980,991)
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Profit/(loss) before income tax benefit	(12,779,369)	33,895
Tax at the statutory tax rate of 30%	(3,833,811)	10,169
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	-	24,515
Impairment of investments	2,770,164	-
Share-based payments	130,817	90,020
Non deductible items & adjustments	-	452
	(932,830)	125,156
Prior year temporary differences not recognised now recognised	(3,269,650)	(2,077,754)
Income tax benefit	<u>(4,202,480)</u>	<u>(1,952,598)</u>

Note 9. Trade and other receivables

	2024	2023
	\$	\$
Trade receivables	11,887,475	15,174,901
Other receivables	6,113,356	4,211,597
	<u>18,000,831</u>	<u>19,386,498</u>

Other receivables relate to income accrued, not yet invoiced as at 30 June 2024.

Allowance for expected credit losses

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2024	2023	2024	2023	2024	2023
	%	%	\$	\$	\$	\$
Not overdue	-	-	18,000,831	19,386,498	-	-

Dynamic Group Holdings Limited
Notes to the financial statements
30 June 2024

Note 10. Inventories

	2024	2023
	\$	\$
Stock on hand - at cost (Drill consumables & parts)	<u>6,715,558</u>	<u>7,400,157</u>

Note 11. Other current assets

	2024	2023
	\$	\$
Prepayments	876,602	1,034,794
Other deposits	132,174	270,240
Other current assets	<u>748,901</u>	<u>-</u>
	<u>1,757,677</u>	<u>1,305,034</u>

Other current assets relate to progress payments for rebuild of a Drill Rig, once complete this will be allocate to Property, Plant & Equipment and depreciated over the useful life.

Note 12. Property, plant and equipment

	2024	2023
	\$	\$
Leasehold improvements - at cost	350,473	322,337
Less: Accumulated depreciation	<u>(109,631)</u>	<u>(136,090)</u>
	240,842	186,247
Plant and equipment - at cost	93,656,974	88,306,517
Less: Accumulated depreciation	<u>(49,340,178)</u>	<u>(42,027,914)</u>
Less: Impairment	<u>(1,305,823)</u>	<u>-</u>
	43,010,973	46,278,603
Motor vehicles - at cost	4,642,204	4,787,810
Less: Accumulated depreciation	<u>(2,719,765)</u>	<u>(2,589,001)</u>
	1,922,439	2,198,809
	<u>45,174,254</u>	<u>48,663,659</u>

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	<u>(13,648)</u>	<u>(8,792,234)</u>	<u>(628,834)</u>	<u>(9,434,716)</u>
Balance as at 30 June 2023	<u>186,247</u>	<u>46,278,603</u>	<u>2,198,809</u>	<u>48,663,659</u>

Dynamic Group Holdings Limited
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Note 12. Property, plant and equipment (continued)

Reconciliations

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

	Leasehold Improvements \$	Plant & Equipment \$	Motor Vehicles \$	Total \$
Balance at 1 July 2023	186,247	46,278,603	2,198,809	48,663,659
Additions	94,031	7,645,784	476,975	8,216,790
Disposals	(26,425)	(524,820)	(162,718)	(713,963)
Impairment of assets	-	(1,305,823)	-	(1,305,823)
Depreciation expense	(13,011)	(9,155,232)	(518,166)	(9,686,409)
Balance at 30 June 2024	<u>240,842</u>	<u>42,938,512</u>	<u>1,994,900</u>	<u>45,174,254</u>

Note 13. Intangibles

	2024 \$	2023 \$
Goodwill - at cost	-	7,928,058
Customer contracts - at cost	6,052,563	18,307,941
Less: Accumulated amortisation	(2,888,367)	(11,958,462)
	<u>3,164,196</u>	<u>6,349,479</u>
	<u>3,164,196</u>	<u>14,277,537</u>

Reconciliations

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

	Goodwill \$	Customer Contracts \$	Total \$
Balance at 1 July 2023	7,928,058	6,349,479	14,277,537
Impairment of assets	(7,928,058)	-	(7,928,058)
Amortisation expense	-	(3,185,283)	(3,185,283)
Balance at 30 June 2024	<u>-</u>	<u>3,164,196</u>	<u>3,164,196</u>

Impairment testing

Goodwill acquired through business combinations have been allocated to the following cash-generating units:

	2024 \$	2023 \$
Entire business	-	7,928,058

Dynamic Group Holdings Limited
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Note 13. Intangibles (continued)

The recoverable amount of the consolidated entity's goodwill has been determined by reference to the implied value of the on-market takeover bid lodged on 26 July 2024 by the Australian Meat Industry Superannuation Pty Ltd as trustee for the Australian Meat Industry Superannuation Trust (ABN 28 342 064 803)

The offer is for \$0.28 cash per share and closes on 9 September 2024. This price represents a level 1 input under the fair value hierarchy.

On 9 August 2024, the Australian Meat Industry Superannuation Pty Ltd as trustee for the Australian Meat Industry Superannuation Trust (ABN 28 342 064 803) and its associates held an aggregated relevant interest in 61.627% of the ordinary fully paid shares in Dynamic Group Holdings Limited. This relevant interest is sufficient for the Australian Meat Industry Superannuation Pty Ltd as trustee for the Australian Meat Industry Superannuation Trust (ABN 28 342 064 803) to control the composition of the Dynamic Group Holdings Limited Board.

The offer price of \$0.28 taking into account costs of other offer, indicated a fair value of \$39,276,671.

This has resulted in an impairment to net assets of \$9,233,881 recognised during the financial year which is allocated firstly to reduce Goodwill of \$7,928,059 and the to Property, Plant and Equipment of \$1,305,822.

Note 14. Deferred tax assets

	2024	2023
	\$	\$
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Retirement benefit obligations	645,806	782,623
Leases	41,046	8,693
Accrued expenses	-	22,800
Business related capital expenditure	122,844	292,394
	<u>809,696</u>	<u>1,106,510</u>
Deferred tax asset	<u>809,696</u>	<u>1,106,510</u>
<i>Movements:</i>		
Opening balance	1,106,510	935,733
Credited/(charged) to profit or loss (note 8)	(296,814)	90,011
Additions through business combinations	-	80,766
	<u>809,696</u>	<u>1,106,510</u>
Closing balance	<u>809,696</u>	<u>1,106,510</u>

Note 15. Trade and other payables

	2024	2023
	\$	\$
Trade payables	5,023,477	9,220,535
GST & PAYG payable	1,423,361	2,080,732
Other payables	373,453	366,944
	<u>6,820,291</u>	<u>11,668,211</u>

Refer to note 25 for further information on financial risk management.

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Note 16. Borrowings

	2024	2023
	\$	\$
Bank loans	22,361,041	8,540,560
Credit Cards	20,154	14,980
	<u>22,381,195</u>	<u>8,555,540</u>

Note 17. Employee benefits

	2024	2023
	\$	\$
Annual leave	1,088,187	1,193,175
Long service leave	261,754	321,524
Employee benefits	802,746	1,094,045
	<u>2,152,687</u>	<u>2,608,744</u>

Note 18. Provisions

	2024	2023
	\$	\$
Deferred consideration	500,000	-
Provision for STIP	-	500,000
	<u>500,000</u>	<u>500,000</u>

Note 19. Borrowings

	2024	2023
	\$	\$
Bank loans	<u>2,037,839</u>	<u>22,520,628</u>

Refer to note 25 for further information on financial risk management.

Total secured liabilities

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

	2024	2023
	\$	\$
Bank loans	24,398,880	31,061,188
Credit Cards	20,154	14,980
	<u>24,419,034</u>	<u>31,076,168</u>

The interest rates and maturity of the Bank loans borrowings is as follows:

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Note 19. Borrowings (continued)

	Balance at 30 June 2024 \$	Interest Rate %	Maturity Date
Bank Loan	4,203	3.99%	December 2024
Bank Loan	10,061	2.82%	December 2024
Bank Loan	16,217	3.51%	February 2025
Bank Loan	45,134	2.63%	April 2025
Bank Loan	124,871	3.32%	April 2025
Bank Loan	17,725	3.36%	May 2025
Bank Loan	36,234	2.54%	July 2025
Bank Loan	40,741	2.87%	September 2025
Bank Loan	247,300	4.19%	October 2025
Bank Loan	134,309	3.99%	November 2025
Bank Loan	111,243	3.28%	January 2026
Bank Loan	161,799	3.96%	February 2026
Bank Loan	153,312	3.93%	February 2026
Bank Loan	221,460	3.29%	March 2026
Bank Loan	509,587	3.29%	April 2026
Bank Loan	381,056	3.29%	April 2026
Bank Loan	374,116	3.29%	April 2026
Bank Loan	194,917	2.89%	July 2026
Bank Loan	509,465	3.19%	July 2026
Bank Loan	49,557	2.98%	October 2026
Bank Loan	54,202	2.98%	October 2026
Bank Loan	867,508	3.72%	November 2026
Bank Loan	1,169,671	3.41%	December 2026
Bank Loan	1,446,689	5.30%	May 2027
Bank Loan	667,826	5.63%	May 2027
Bank Loan	279,903	6.78%	June 2027
Bank Loan	10,700,000	7.00%	June 2027
Bank Loan	832,485	6.22%	August 2027
Bank Loan	1,169,463	6.49%	February 2028
Bank Loan	1,937,596	6.87%	March 2028
Bank Loan	1,930,230	7.07%	February 2029
	<u>24,398,880</u>		

Dynamic Group Holdings Limited
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30 June 2024

Note 19. Borrowings (continued)

Assets pledged as security

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

	Balance as at 30 June 2023 \$	Interest Rate %	Maturity Date
Bank loan	236,781	1.89%	September 2022
Bank loan	24,773	4.04%	July 2023
Bank loan	15,029	3.83%	July 2023
Bank loan	72,295	4.98%	November 2023
Bank loan	32,774	2.80%	November 2023
Bank loan	12,258	2.41%	January 2024
Bank loan	91,464	4.85%	May 2024
Bank loan	29,761	2.82%	December 2024
Bank loan	12,362	2.82%	December 2024
Bank loan	39,842	3.51%	February 2025
Bank loan	98,008	2.63%	April 2025
Bank loan	270,232	3.32%	April 2025
Bank Loan	36,450	3.36%	May 2025
Bank Loan	68,807	2.54%	July 2025
Bank Loan	72,298	2.87%	September 2025
Bank Loan	423,900	4.19%	October 2025
Bank Loan	224,634	3.99%	November 2025
Bank Loan	65,158	3.89%	December 2025
Bank Loan	178,587	3.28%	January 2026
Bank Loan	253,858	3.96%	February 2026
Bank Loan	240,577	3.93%	February 2026
Bank Loan	342,395	3.29%	March 2026
Bank Loan	1,923,087	3.29%	April 2026
Bank Loan	284,395	2.89%	July 2026
Bank Loan	742,220	3.19%	July 2026
Bank Loan	146,061	2.98%	October 2026
Bank Loan	1,204,210	3.72%	November 2026
Bank Loan	1,610,242	3.41%	December 2026
Bank Loan	1,893,508	5.30%	May 2027
Bank Loan	872,665	5.63%	May 2027
Bank Loan	361,279	6.78%	June 2027
Bank Loan	14,300,000	7.00%	June 2027
Bank Loan	1,063,046	6.22%	August 2027
Bank Loan	1,442,857	6.49%	February 2028
Bank Loan	2,375,373	6.87%	March 2028
	<u>31,061,186</u>		

Assets pledged as security

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

Borrowing Covenants

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

- Debt Service Ratio of greater than 1.40:1
- Gross Leverage Ratio of less than 1.75x
- Working Capital Drawn Debt to Debtors Ratio of less than 50%

Refer to Note 1 Going Concern disclosure.

Dynamic Group Holdings Limited
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Note 20. Deferred tax liabilities

	2024	2023
	\$	\$
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Property, plant and equipment	2,143,313	1,491,319
Customer contracts	951,130	-
Prepayments	-	(45,493)
	<u>3,094,443</u>	<u>1,445,826</u>
Amounts recognised in equity:		
Revaluation of property, plant and equipment	-	3,662,448
Business combination	-	1,817,642
	<u>-</u>	<u>5,480,090</u>
Deferred tax liability	<u><u>3,094,443</u></u>	<u><u>6,925,916</u></u>
<i>Movements:</i>		
Opening balance	6,925,916	5,812,619
Credited to profit or loss (note 8)	(4,610,086)	(4,890,980)
Additions through business combinations	-	5,473,846
Prior year balances now recognised	778,613	530,431
Closing balance	<u><u>3,094,443</u></u>	<u><u>6,925,916</u></u>

Note 21. Issued capital

	2024	2023	2024	2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>139,039,899</u>	<u>134,552,955</u>	<u>40,965,169</u>	<u>40,591,602</u>

Movements in ordinary share capital for the year ended 30 June 2024.

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	87,356
Conversion of Performance Rights	29 February 2024	776,438	\$0.00	177,225
Conversion of Performance Rights	5 April 2024	25,350	\$0.00	5,786
Balance	30 June 2024	<u>139,039,899</u>		<u>40,965,169</u>

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	<u>134,552,955</u>		<u>40,591,602</u>

Note 21. Issued capital (continued)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the consolidated statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Note 22. Reserves

	2024	2023
	\$	\$
Share-based payments reserve	<u>735,841</u>	<u>673,353</u>

Movements in reserves

Movements in each class of reserve during the current financial year are set out below:

	Share based payment reserve \$	Total \$
Balance at 1 July 2023	673,353	673,353
Issue of unlisted performance rights to Key Management Personnel	436,055	436,055
Conversion of Performance Rights to Ordinary Shares	<u>(373,567)</u>	<u>(373,567)</u>
Balance at 30 June 2024	<u>735,841</u>	<u>735,841</u>

Note 23. Retained profits/(accumulated losses)

	2024	2023
	\$	\$
Retained profits at the beginning of the financial year	6,152,547	4,166,054
Profit/(loss) after income tax benefit for the year	<u>(8,576,889)</u>	<u>1,986,493</u>
Retained profits/(accumulated losses) at the end of the financial year	<u>(2,424,342)</u>	<u>6,152,547</u>

Note 24. Dividends

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

Note 25. Financial risk management

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value interest rate risk.

As at the reporting date, the consolidated entity had the following borrowings outstanding:

	2024		2023	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Bank loans	6.01%	24,398,880	5.79%	31,061,186
Net exposure to fair value interest rate risk		<u>24,398,880</u>		<u>31,061,186</u>

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

For the consolidated entity the bank loans outstanding, totaling \$24,398,880 (2023: \$31,061,186), are principal and interest payment loans. Monthly cash outlays of approximately \$710,000 (2023: \$710,000) per month are required to service the principal interest payments.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the consolidated statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 25. Financial risk management (continued)

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 26. Key management personnel disclosures

Directors

The following persons were directors of Dynamic Group Holdings Limited during the financial year:

Mark Davis
Matthew Freeman
George Garnett
Garret Dixon
Joel Skipworth
Mark Hine

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2024	2023
	\$	\$
Short-term employee benefits	1,633,977	1,700,888
Post-employment benefits	122,635	153,408
Share-based payments	100,823	202,033
	<u>1,857,435</u>	<u>2,056,329</u>

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the company:

	2024	2023
	\$	\$
<i>Audit services - BDO Audit Pty Ltd</i>		
Audit or review of the financial statements	<u>122,500</u>	<u>140,048</u>

The BDO entity performing the audit of the group transitioned from BDO Audit (WA) to BDO Audit Pty Ltd on 19 April 2024. The disclosures include amounts received or due and receivable by BDO Audit (WA) Pty Ltd, BDO Audit Pty Ltd and their respective related entities.

Note 28. Contingent liabilities

The consolidated entity has no contingent liabilities.

Note 29. Related party transactions

Parent entity

Dynamic Group Holdings Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 31.

Note 29. Related party transactions (continued)

Key management personnel

Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the directors' report.

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

Other than as disclosed above, there were no other transactions with related parties.

Note 30. Parent entity information

Set out below is the supplementary information about the parent entity.

Consolidated statement of profit or loss and other comprehensive income

	Parent	
	2024	2023
	\$	\$
Loss after income tax	(203,884)	(1,466,696)
Total comprehensive income/(loss)	(203,884)	(1,466,696)

Consolidated statement of financial position

	Parent	
	2024	2023
	\$	\$
Total current assets	77,156	46,727,098
Total assets	47,615,873	47,042,511
Total current liabilities	12,564,183	(2,187,984)
Total liabilities	12,564,183	8,512,016
Equity		
Issued capital	40,591,602	40,591,602
General reserve	(5,491,533)	-
Share-based payments reserve	941,242	672,490
Accumulated losses	(989,621)	(2,733,597)
Total equity	<u>35,051,690</u>	<u>38,530,495</u>

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

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Note 31. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2024 %	2023 %
Dynamic Drill & Blast Pty Ltd	Australia	100.00%	100.00%
Orlando Drilling Pty Ltd	Australia	100.00%	100.00%
SBD Drilling Pty Ltd	Australia	100.00%	100.00%
Orlando Exploration Pty Ltd	Australia	100.00%	100.00%
Delmoss Nominees Pty Ltd	Australia	100.00%	100.00%
PDC Drilling Pty Ltd	Australia	100.00%	100.00%

Note 32. Events after the reporting period

On 26 July 2024, the Australian Meat Industry Superannuation Pty Ltd as trustee for the Australian Meat Industry Superannuation Trust (ABN 28 342 064 803) announced an on-market takeover bid offer for all of the shares in Dynamic Group Holdings Limited. The offer is for \$0.28 cash per share and closes on 9 September 2024.

On 9 August 2024, the Australian Meat Industry Superannuation Pty Ltd as trustee for the Australian Meat Industry Superannuation Trust (ABN 28 342 064 803) and its associates held an aggregated relevant interest in 61.627% of the ordinary fully paid shares in Dynamic Group Holdings Limited. This relevant interest is sufficient for the Australian Meat Industry Superannuation Pty Ltd as trustee for the Australian Meat Industry Superannuation Trust (ABN 28 342 064 803) to control the composition of the Dynamic Group Holdings Limited Board.

No other matter or circumstance has arisen since 30 June 2024 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 33. Reconciliation of profit/(loss) after income tax to net cash from operating activities

	2024 \$	2023 \$
Profit/(loss) after income tax benefit for the year	(8,576,889)	1,986,493
Adjustments for:		
Depreciation and amortisation	14,906,432	14,600,781
Impairment of intangibles	9,365,767	-
Net loss on disposal of property, plant and equipment	173,658	587,287
Share-based payments	436,055	300,065
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	1,435,676	(7,719,921)
Decrease/(increase) in inventories	753,725	(781,123)
Decrease/(increase) in deferred tax assets	296,813	(170,776)
Decrease in prepayments	159,266	79,172
Increase in other operating assets	(137,721)	(1,420,219)
Increase/(decrease) in trade and other payables	(4,860,113)	6,937,106
Increase/(decrease) in provision for income tax	(3,250,369)	853,305
Increase/(decrease) in deferred tax liabilities	(3,831,473)	1,107,053
Increase/(decrease) in employee benefits	(456,056)	891,669
Decrease in other provisions	-	(380,000)
Net cash from operating activities	<u>6,414,771</u>	<u>16,870,892</u>

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Note 34. Non-cash investing and financing activities

	2024	2023
	\$	\$
Shares issued in relation to business combinations	<u>-</u>	<u>(8,500,000)</u>

Note 35. Changes in liabilities arising from financing activities

	Bank loans	Other borrowings	Lease liability	Total
	\$	\$	\$	\$
Balance at 1 July 2022	18,551,192	1,194	850,232	19,402,618
Net cash from / (used in) financing activities	<u>12,509,994</u>	<u>13,786</u>	<u>(27,263)</u>	<u>12,496,517</u>
Balance at 30 June 2023	31,061,186	14,980	822,969	31,899,135
Net cash from / (used in) financing activities	<u>(6,662,953)</u>	<u>5,858</u>	<u>558,357</u>	<u>(6,098,738)</u>
Balance at 30 June 2024	<u>24,398,233</u>	<u>20,838</u>	<u>1,381,326</u>	<u>25,800,397</u>

Note 36. Earnings per share

	2024	2023
	\$	\$
Profit/(loss) after income tax attributable to the owners of Dynamic Group Holdings Limited	<u>(8,576,889)</u>	<u>1,986,493</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	138,373,113	128,410,012
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	<u>-</u>	<u>750,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>138,373,113</u>	<u>129,160,012</u>
	Cents	Cents
Basic earnings/(loss) per share	(6.20)	1.55
Diluted earnings/(loss) per share	(6.20)	1.54

Note 37. Share-based payments

Options

Details of Options issued in previous periods, expensed to 30 June 2024 is 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
Maturity date	10 December 2024	10 December 2025
Vesting final date	10 December 2023	10 December 2023
Share based payment expensed to 30 June 2024	\$14,717	\$15,952

Dynamic Group Holdings Limited
Notes to the financial statements
30 June 2024

Note 37. Share-based payments (continued)

	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
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 30 June 2024	(\$672)	\$11,612	\$20,851

	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	423,500	423,500	423,500
Exercise price	\$0.58	\$0.64	\$0.72
Maturity date	10 November 2025	10 November 2026	10 November 2027
Vesting final date	10 November 2023	10 November 2024	10 November 2025
Share based payment expensed to 30 June 2024	\$12,999	\$19,889	\$14,831

Set out below are summaries of the options granted as at 30 June 2024:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired / forfeited / other	Balance at the end of the year unvested	Balance at the end of the year vested and exercisable
06/08/2020	06/08/2023	\$0.25	750,000	-	-	750,000	-	-
10/12/2020	10/12/2023	\$0.74	375,000	-	-	375,000	-	-
10/12/2020	10/12/2024	\$0.82	562,500	-	-	-	-	562,500
10/12/2020	10/12/2025	\$0.92	562,500	-	-	-	-	562,500
25/11/2021	25/11/2024	\$0.62	362,500	-	-	-	-	362,500
25/11/2021	25/11/2025	\$0.69	372,500	-	-	-	-	372,500
25/11/2021	25/11/2026	\$0.79	372,500	-	-	-	372,500	-
10/11/2022	10/11/2025	\$0.58	423,500	-	-	-	-	423,500
10/11/2022	10/11/2026	\$0.64	423,500	-	-	28,500	395,000	-
10/11/2022	10/11/2027	\$0.72	423,500	-	-	28,500	395,000	-
			<u>4,628,000</u>	<u>-</u>	<u>-</u>	<u>1,182,000</u>	<u>1,162,500</u>	<u>2,283,500</u>

Performance Rights

Details of the Performance Rights issued during the year ended 30 June 2024 are outlined below:

Dynamic Group Holdings Limited
Notes to the financial statements
30 June 2024

Note 37. Share-based payments (continued)

	Date of Issue	Vesting condition	Number of Performance Rights	Expiry date	Probability of achieving milestone
NED	1 December 2023	Employment Service until 1 December 2025	250,000	1 December 2026	100%
Employee 1	29 February 2024	Absolute shareholder return 15% per annum to 30 June 2025	1,683,056	28 February 2026	N/A
Employee 2	29 February 2024	Peer shareholder return 15% per annum to 30 June 2025	1,683,059	28 February 2026	N/A

2024

Grant Date	Expiry Date	Exercise price	Balance at start of the year	Granted	Exercised	Expired / forfeited / other	Balance at end of the year unvested	Balance at end of the year vested and exercisable
24/06/2020	30/06/2025	\$0.00	819,475	-	765,610	-	-	53,865
24/06/2020	30/06/2025	\$0.00	819,475	-	765,610	-	-	53,865
24/06/2020	30/06/2025	\$0.00	819,475	-	765,610	-	-	53,865
24/06/2020	30/06/2025	\$0.00	819,475	-	765,610	-	-	53,865
18/11/2021	18/11/2024	\$0.00	80,000	-	80,000	-	-	-
18/11/2021	08/11/2024	\$0.00	80,000	-	80,000	-	-	-
18/11/2021	08/11/2024	\$0.00	80,000	-	80,000	-	-	-
18/11/2021	18/11/2024	\$0.00	120,000	-	-	-	-	120,000
10/11/2022	10/11/2025	\$0.00	300,000	-	-	300,000	-	-
10/11/2022	10/11/2026	\$0.00	200,000	-	-	200,000	-	-
22/03/2023	22/03/2026	\$0.00	500,000	-	-	500,000	-	-
22/03/2023	22/03/2027	\$0.00	500,000	-	-	500,000	-	-
22/03/2023	22/03/2028	\$0.00	500,000	-	-	500,000	-	-
22/03/2023	22/03/2026	\$0.00	736,517	-	382,716	-	-	353,801
22/03/2023	22/03/2027	\$0.00	1,638,419	-	801,788	107,783	-	728,848
01/12/2023	01/12/2026	\$0.00	250,000	250,000	-	-	250,000	-
29/02/2024	28/02/2026	\$0.00	1,683,056	1,683,056	-	453,722	1,229,334	-
29/02/2024	28/02/2026	\$0.00	1,683,059	1,683,059	-	453,721	1,229,338	-
			<u>11,628,951</u>	<u>3,616,115</u>	<u>4,486,944</u>	<u>3,015,226</u>	<u>2,708,672</u>	<u>1,418,109</u>

Details of performance rights issued expensed during the year ended 30 June 2024 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
Value per right	\$0.05	\$0.01	\$0.01
Share based payment expensed to 30 June 2024	(\$5,150)	(\$842)	(\$209)

Dynamic Group Holdings Limited
Notes to the financial statements
30 June 2024

Note 37. Share-based payments (continued)

	Unlisted performance rights Employee 1	Unlisted performance rights Employee 2
Number of Performance rights	645,468	1,729,468
Grant date	22 March 2023	22 March 2023
Expiry date	22 March 2026	22 March 2027
Share price at grant date	\$0.23	\$0.23
Value per right	\$0.23	\$0.23
Share based payment expensed to 30 June 2024	\$107,784	\$170,260
	Unlisted performance rights Employee 1	Unlisted performance rights Employee 2
Number of Performance rights	1,683,056	1,683,059
Grant date	29 February 2024	29 February 2024
Expiry date	1 July 2026	1 July 2026
Share price at grant date	\$0.23	\$0.23
Value per right	\$0.101	\$0.190
Share based payment expensed to 30 June 2024	\$9,228	\$28,854
	Unlisted performance rights NED	
Number of Performance rights	250,000	
Grant date	1 December 2023	
Expiry date	1 December 2026	
Share price at grant date	\$0.22	
Value per right	\$0.22	
Share based payment expensed to 30 June 2024	\$15,951	

Dynamic Group Holdings Limited
Consolidated entity disclosure statement
As at 30 June 2024

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Dynamic Group Holdings Limited	Body Corporate	Australia	-	Australia
Dynamic Drill & Blast Pty Ltd	Body Corporate	Australia	100.00%	Australia
Orlando Drilling Pty Ltd	Body Corporate	Australia	100.00%	Australia
SBD Drilling Pty Ltd	Body Corporate	Australia	100.00%	Australia
Orlando Exploration Pty Ltd	Body Corporate	Australia	100.00%	Australia
Delmoss Nominees Pty Ltd	Body Corporate	Australia	100.00%	Australia
PDC Drilling Pty Ltd	Body Corporate	Australia	100.00%	Australia

Dynamic Group Holdings Limited
Directors' declaration
30 June 2024

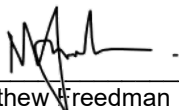
In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Matthew Freedman
Director

30 August 2024

INDEPENDENT AUDITOR'S REPORT

To the members of Dynamic Group Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Dynamic Group Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, 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 year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and

discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern section*, we have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment assessment of non-current assets

Key audit matter	How the matter was addressed in our audit
As disclosed in Note 2 to the financial report, the Group are required to test cash generating units for impairment on at least an annual basis. As outlined in Note 2 to the financial report, the assessment of impairment for intangible assets and other assets within the relevant CGU, involves the use of significant estimate and judgement. Management has assessed the recoverable amount of the CGU using a fair value less costs of disposal basis, based on a recent market transaction price. As disclosed in Note 12 and 13 to the financial report, an impairment charge was subsequently recognised. This was determined to be a key audit matter due to the significance of the assets and impairment and estimate and judgement involved in determining the recoverable amount of the CGU.	Our procedures included but were not limited to: - Assessing the appropriateness of the Group's CGU identification and management's allocation of assets to the carrying value of the CGU based on our understanding of the Group's business and internal reporting; - Evaluating management's impairment assessment, including the following: - In conjunction with our internal valuation specialists, evaluating the appropriateness of the basis used by management to calculate the fair value less costs of disposal of the CGU; - Agreeing the fair value calculation to supporting market documentation; - Assessing the reasonableness of the costs of disposal calculation; - Testing the mathematical accuracy of the impairment calculated; - Assessing the reasonableness of management's allocation of the impairment to the respective asset classes; and - Assessing the appropriateness of the related disclosures in Note 2, Note 12 and Note 13 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 11 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Dynamic Group Holdings Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd



Phillip Murdoch
Director

Perth, 30 August 2024

Dynamic Group Holdings Limited
Shareholder information
30 June 2024

The shareholder information set out below was applicable as at 27 August 2024.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	18	-
1,001 to 5,000	69	0.13
5,001 to 10,000	35	0.20
10,001 to 100,000	64	1.41
100,001 and over	22	98.26
	208	100.00
Holding less than a marketable parcel	40	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total Shares issued
NATIONAL NOMINEES LIMITED	92,225,684	64.47
BNP PARIBAS NOMS PTY LTD	15,764,755	11.02
JEZAC PTY LTD THE MJAC SIVAD A/C>	9,614,553	6.72
RANGEHILL HOLDINGS PTY LTD CALYPSO FAMILY A/C	9,614,553	6.72
PALM BEACH NOMINEES PTY LIMITED	6,566,032	4.59
JHAC PTY LTD	1,388,614	0.97
NETWEALTH INVESTMENTS LIMITED WRAP SERVICES A/C>	1,000,557	0.70
BRADLEY BART TURNER	674,024	0.47
BOTSIS HOLDINGS PTY LTD	650,000	0.45
MR GREGG MATTHEW BARNARD	460,569	0.32
PREVOST & CO PTY LTD	330,000	0.23
BNP PARIBAS NOMINEES PTY LTD IB AU NOMS RETAILCLIENT>	303,786	0.21
MR ERIC STEPHEN BIGGS KYM ALICIABIGGS DISCRET A/C>	303,000	0.21
JO MAHER	277,921	0.19
MR MARK ANDREW HINE	250,000	0.17
JHAC PTY LTD	215,460	0.15
YOBANG PTY LIMITED	200,000	0.14
BILGOLA NOMINEES PTY LIMITED	180,065	0.13
BIGGS CAPITAL AR PTY LTD BIGGS CAPITAL AR U A/C>	172,413	0.12
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	153,534	0.11
	140,345,520	98.09

Unquoted equity securities

There are no unquoted equity securities.

Dynamic Group Holdings Limited
Shareholder information
30 June 2024

	Number on issue
UNL OPT @ \$0.72 EXP 10/11/2027	395,000
UNL OPT @ \$0.82 EXP 10/12/2024	562,500
UNL OPT @ \$0.92 EXP 10/12/2025	562,500
UNL OPT @ \$0.62 EXP 25/11/2024	362,500
UNL OPT @ \$0.69 EXP 25/11/2025	372,500
UNL OPT @ \$0.77 EXP 25/11/2026	372,500
UNL OPT @ \$0.58 EXP 10/11/2025	423,500
UNL OPT @ \$0.64 EXP 10/11/2026	395,000
ESIP - PERFORMANCE RIGHTS	118,489

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
NATIONAL NOMINEES LIMITED	92,225,684	64.47
BNP PARIBAS NOMS PTY LTD	15,764,755	11.02
JEZAC PTY LTD THE MJAC SIVAD A/C>	9,614,553	6.72
RANGEHILL HOLDINGS PTY LTD CALYPSO FAMILY A/C>	9,614,553	6.72

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

On Market Buy Back

There are no current on market buy backs.

Unmarketable Parcels

Holdings of less than a marketable parcel of ordinary shares:

Holders: 40

Units: 637,228