

ASX Announcement

Acquisition of Airwell Flow Testing

Dynamic Group Holdings Limited (ASX: DDB) ("Dynamic" or the "Company") is pleased to announce that it has entered into a binding agreement to acquire 100% of Airwell Flow Testing which is a division of Airwell Group Pty Ltd ("Transaction").

Highlights

- Highly complementary to Dynamic's existing Welldrill business, providing the opportunity for additional deployments for both existing and acquired fleet
- Airwell Flow Testing provides additional water related services capabilities with lower capital intensity
- Total consideration of A\$2m
- Provides additional earnings diversity across the Company

The total cash consideration payable to Airwell Group Pty Ltd for Airwell Flow Testing is A\$2 million, with A\$1.5 million cash payable upon completion (expected in February 2024) and A\$0.5 million cash payable in August 2024.

Airwell Flow Testing has built an outstanding reputation and has a team of experts in the flow testing industry, having serviced a number of Western Australian based clients for over 20 years. Over this period Airwell Flow Testing has developed proprietary flow testing software and hardware that is tailored to its tier-1 customers and has the ability to fully monitor and control flow testing systems remotely from its Perth headquarters via Supervisory Control and Data Acquisition (SCADA).

Water bore flow testing is critical for assessing the quantity, quality, and sustainability of water sources and provides information for managing water resources to ensure compliance with environmental and regulatory standards.



Figure 1 . Airwell Flow Testing field operations

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Dynamic's water focussed business, Welldrill, has a strong understanding of Airwell Flow Testing having partnered to provide additional non-drilling services to existing Welldrill customers. As part of this experience working together, material synergies have been identified with the Welldrill business.

The Transaction has been structured as an asset purchase of plant & equipment along with acquisition of systems relating to the Airwell Flow Testing division and associated intellectual property rights. The upfront consideration of \$1.5 million will be funded through the extension of an existing asset finance facility with the deferred consideration to be funded through existing cash reserves and/or further asset finance.

Dynamic Group CEO, Geoff Newman, said:

"Dynamic is excited about the acquisition of the Airwell Flow Testing business. While only a relatively minor bolt-on acquisition, Dynamic has identified a number of organic growth opportunities and synergies with the existing Dynamic business that should assist in driving growth."

The acquisition bolsters the offering of Dynamic's water-well business, Welldrill, and provides a foothold in the growing flow testing industry which is lower capital intensity than existing drilling operations.

We look forward to an accelerated integration of Airwell Flow Testing within Dynamic."



Figure 2. Airwell Flow Testing field operations

Summary of the key terms of the Transaction

Dynamic is acquiring all of assets and intellectual property of Airwell Flow Testing from Airwell Group Pty Ltd on the following terms:

- A\$2m, including a \$A0.5m deferred payment in 2H FY2024.
- Completion of the Transaction is planned to occur in February 2024 subject to satisfaction of customary conditions precedent for a transaction of this nature.

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

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About Dynamic Group Holdings Limited

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

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

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

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

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

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

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

Forward-Looking Statements

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