

>>> 2024



1H FY24 Results Presentation

FEBRUARY 2024

Dynamic Group Holdings Ltd ACN 640 888 213

ASX:DDB



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GROUP HOLDINGS LTD

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Corporate Profile



Capital Structure

ASX Code	DDB
Shares on Issue¹	138,238,111
Share Price²	\$0.21
Market Capitalisation²	\$29.0m
Net Debt³	\$16.3m
Cash³	\$10.3m
Enterprise Value²	\$45.3m
Net Asset Value³	\$50.5m

Substantial Shareholders

Temorex Pty Ltd & Goldfire Enterprises Pty Ltd	15.43%
Valentino Holdings Pty Ltd & Ganan Capital Pty Ltd	11.57%
The Tiger Drill Trust	11.76%
The Milligan Trust	11.76%
JEZAC Pty Ltd	6.96%
Rangehill Holdings Pty Ltd	6.96%

Total of top 5 shareholders	57.48%
Top 20 Shareholders	83.31%
Board and Management	31.01%

12 Month Share Price



Notes:

1. Excludes 3,503,000 unlisted Options and unlisted 4,577,680 Performance Rights
2. As at 27 February 2024
3. As at 31 December 2023

Board & Management



Leading executive team and Board with significant ownership in the business.

Executive Management Team

Geoff Newman
Chief Executive Officer

Geoff holds a Bachelor of Engineering and has operated at an executive level within the contracting and mining services sector for over 22 years, most recently with an ASX listed mining services provider. Prior to this role Geoff was CEO for multiple drilling companies which provided similar services to Dynamic.

Gregg Barnard
Chief Financial Officer

Gregg is a member of the Institute of Chartered Accountants and holds a Bachelor of Commerce. Gregg has over 15 years of experience in taxation and business advisory as well as strategic financial management and business operations.

James Bahen
Company Secretary

James is a director 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 across the resource industry. James is a member of the Governance Institute of Australia.

Board of Directors

Garret Dixon
Non-Executive Chair
(Independent)

Garret is an accomplished mining executive and company director with extensive experience. His work in both private and ASX listed companies spans more than three decades. Other Non-executive board roles include ASX: MLG, ASX: CHN and ASX: BCI.

George Garnett
Non-Executive Director
(Independent)

George is an experienced equity capital markets executive, having advised on the formation and execution of numerous transactions in emerging companies. George is currently a Director of Investment Banking at Canaccord Genuity Australia.

Mark Hine
Non-Executive Director
(Independent)

Mark is a mining engineer and experienced Non-Executive Director and has extensive global mining experience with over 30 years of senior management roles. 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.

Mark Davis
Non-Executive Director

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.

Matt Freedman
Executive Director

Matt is an experienced mining and mining services executive, earlier roles include working for Rio Tinto, Worley Parsons and Emeco in the areas of project & contract management, procurement and business development.

Organisational Structure

Diversified mining services

 <p>ORLANDO DRILLING <i>Safety and Sample Quality is Paramount</i></p> <ul style="list-style-type: none"> • Exploration drilling • Grade control drilling 	 <ul style="list-style-type: none"> • Mine production drill & blast • Construction drill & blast • Vibration sensitive drill & blast 	 <ul style="list-style-type: none"> • Production supply and injection wells • Deep artesian & geothermal wells • Mine service holes 	 <ul style="list-style-type: none"> • Geophysical logging and pump testing • Flow testing services
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Financial Performance

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1H FY24 Financial Results



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Operational performance in 1H FY24 delivers \$7.7m of EBITDA

- Significant focus on cost control realising improved profit margins
- Integration of business units and shared services model delivering operational efficiencies
- Weather events and extended Christmas period shutdowns impacted revenue
- Demobilisation from projects, including Allkem Ltd's Mt Cattlin operation, and preparation for re-deployment opportunities in CY24
- Continued focus on operating cash generation
- Utilisation of cash to reduce debt
- Multiple projects secured, with extensions continuing in CY24 and beyond

	1H FY24 (\$m)	1H FY23 (\$m)	Change
Trading Revenue	\$46.0	\$45.7	1%
EBITDA	\$7.7	\$5.0	54%
EBITDA Margin	17%	11%	53%
Operating cashflow	\$6.4	\$2.2	191%
Cash conversion ratio¹	84%	43%	95%

Notes:

1. Cash conversion ratio calculated as Operating cash flow / EBITDA

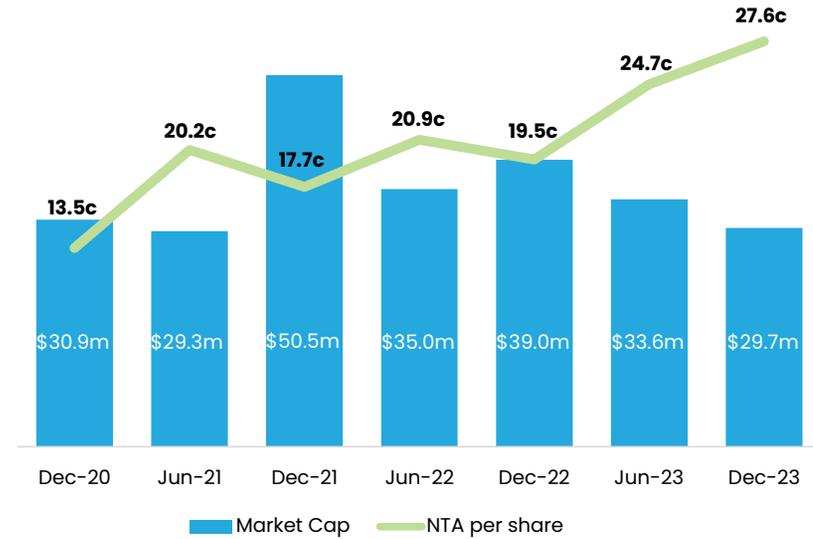
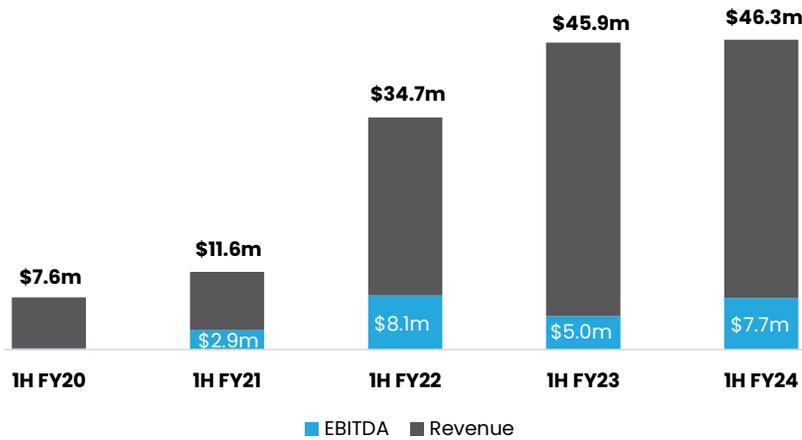
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1H FY24 Financial Performance



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27% year-on-year increase in net tangible assets per share since listing

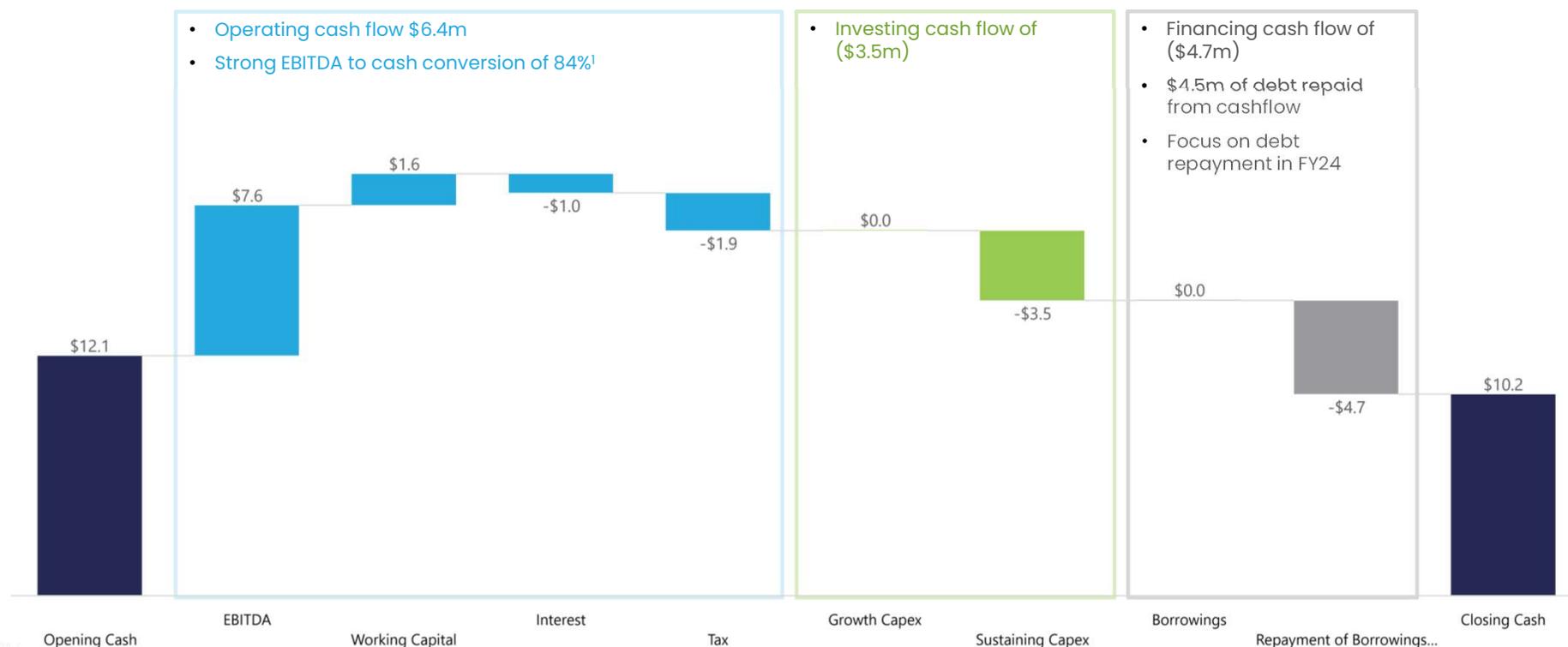


Notes:

1. NTA per share meaning Net Tangible Assets per ordinary share on issue

Strong cash conversion

Dynamic delivered \$6.4m operating cash flow and 84% cash conversion¹ in 1H FY24



Notes:
 1. Cash conversion ratio calculated as Operating cash flow / EBITDA
 2. Graph values in \$m

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Robust Balance Sheet



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Focus remains on debt reduction and balance sheet resilience

- Strong balance sheet with \$50.5m of net assets
- Net debt of \$16.3m
- Leverage reduced to 0.8x²
- Strong positive net working capital position
- Cash Conversion of 84%¹
- WACC³ of approx. 6.29%
- Debt reduction of \$4.5m in the period

	31 Dec 23(\$m)	30 Jun 23(\$m)	% change
Cash & Cash Equivalents	\$10.3	\$12.1	(15%)
Trade Receivables	\$11.0	\$19.4	(43%)
Prepayments & Other	\$4.2	\$4.0	5%
Inventory	\$6.6	\$7.4	(11%)
Property, Plant & Equipment	\$48.4	\$48.7	(1%)
Intangibles	\$12.5	\$14.3	(13%)
Total Assets	\$93.0	\$105.9	(12%)
Trade Payables	\$5.5	\$11.7	(53%)
Borrowings	\$26.6	\$31.1	(14%)
Lease Liabilities	\$1.3	\$1.5	(15%)
Other Current Liabilities	\$5.6	\$7.3	(23%)
Deferred Tax	\$3.5	\$6.9	(49%)
Total Liabilities	\$42.5	\$58.5	(27%)
Net Assets	\$50.5	\$47.4	7%
Net Debt / EBITDA (x)²	0.8x	1.1x	

Notes:

1. Cash conversion ratio calculated as Operating cash flow / EBITDA
2. Calculated as Net Debt divided previous 12 month EBITDA
3. Weighted Average Cost of Capital

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Operational Performance

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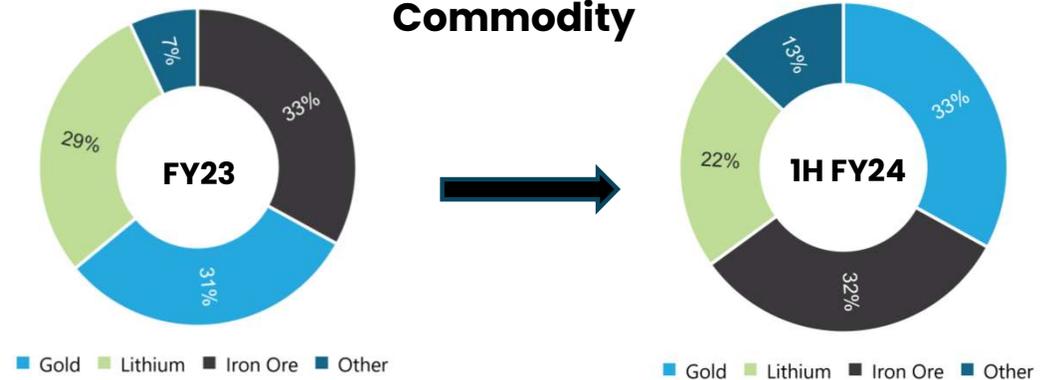


Diversified Mining Presence

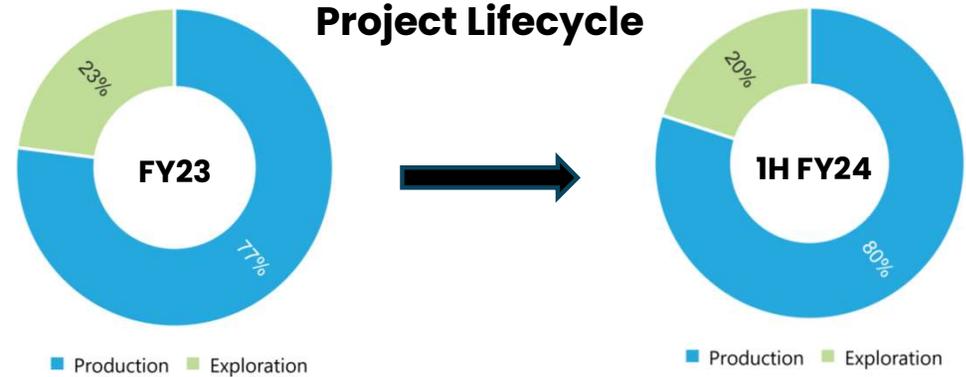
Production focussed service offering

- Ongoing focus on production based services
- Water business continues to be a strategic focus with significant potential growth opportunities
- High rig utilisation within Water business although revenue impacted by reduction in double shift operations
- Opportunity to increase service offering via Strategic Airwell Flow Testing acquisition
- Ongoing disruption to operations with heritage approval delays
- Demonstrated asset sharing opportunities within all divisions
- Commissioning of training simulator

Commodity



Project Lifecycle



Shareholder Value Realisation Strategy



Dynamic is taking a forensic approach to tracking operational performance and capital allocation to drive shareholder value

Strategic Focus	Objective
Operational Performance	<ul style="list-style-type: none"> ✓ Focus on maximising returns on capital employed (ROCE) ✓ Maximise utilisation of equipment through repurposing idle equipment ✓ Asset redeployment with earnings likely realised in CY24
Financial Strength	<ul style="list-style-type: none"> ✓ Maintain balance sheet strength to ensure sustainability through the cycle ✓ Reduce net debt with primary focus on acquisition funding ✓ Additional cash generation opportunity via disposal of obsolete / end-of-life ancillary equipment
Growth Profile	<ul style="list-style-type: none"> ✓ Forensic approach being taken to capital allocation ✓ Growth capex to be deployed where it makes an attractive return on capital vs returning capital to shareholders ✓ Sensible M&A and growth market opportunities to be assessed selectively
Return to Shareholders	<ul style="list-style-type: none"> • Surplus cash, post debt reduction and growth, to be returned to shareholders • Capital management initiatives designed to maximise value per share • Capital returns to be considered include dividends and/or share buy-backs

Safety and Sustainability

Dynamic seeking to become market leader to ensure it is the employer of choice and contractor of choice

Category	Objective
Zero Harm	<ul style="list-style-type: none"> ✓ Continue to be LTI free ✓ Prioritising safety performance in line with best industry practices ✓ Development of HSET Strategic Plan ✓ Fatal risk verification and life saving controls ✓ Embrace technology to improve safety
ESG	<ul style="list-style-type: none"> ✓ Release ESG framework in FY2024 ✓ Utilise technology to improve environmental outcomes ✓ Local community engagement ✓ Strong compliance to corporate governance
People and Culture	<ul style="list-style-type: none"> ✓ Grow brand awareness across all business segments and stakeholders ✓ Become employer and contractor of choice ✓ Embrace diversity to benefit all stakeholders ✓ Employee development and training
Technology	<ul style="list-style-type: none"> ✓ Increased automation of drilling practices ✓ Improve asset management via technology adoption

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