

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 2023
 Previous period: For the year ended 30 June 2022

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	40.8% to	102,856,417
Profit from ordinary activities after tax attributable to the owners of Dynamic Group Holdings Limited	down	3.0% to	1,986,493
Profit for the year attributable to the owners of Dynamic Group Holdings Limited	down	3.0% to	1,986,493

Dividends

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

Comments

The profit for the consolidated entity after providing for income tax amounted to \$1,986,493 (30 June 2022: \$2,047,302).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>24.65</u>	<u>20.88</u>

4. Control gained over entities

Name of entities (or group of entities) Delmoss Nominees Pty Ltd & PDC Drilling Pty Ltd trading as "WellDrill"
 Date control gained 15 July 2022

	\$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	1,886,646
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	1,355,541

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

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Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. 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.

11. Attachments

Details of attachments (if any):

The Annual Report of Dynamic Group Holdings Limited for the year ended 30 June 2023 is attached.

12. Signed

Signed



Date: 28 August 2023

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Dear Shareholders

We would like to thank you for your ongoing support, and note our appreciation to all Dynamic Group Holdings (Dynamic) employees for their commitment, dedication, and hard work, particularly through a year which has provided significant external challenges requiring a solutions-based approach to mitigating impacts.

Overall it has been another productive and successful year for Dynamic as our business grows and we are pleased to provide our report on our operational and financial performance for the 2023 Financial Year.

The health and safety of our personnel is our number one priority, and we continue to target a zero-harm workplace. We have developed an HSET Strategic Plan during the year and this will be implemented in FY24. We continue to remain LTI free, an achievement of which we are proud.

During the year, the group delivered record revenue of \$103m, an increase of 40% from the previous year, resulting in EBITDA of \$17.6m¹.

The first half of the financial year presented considerable challenges, particularly within our exploration business. The wider group experienced significant labour market shortages, weather interruptions, COVID absenteeism and supply chain challenges.

Exploration activity continued to reduce during the year while legislative changes caused disruptions within the group.

The second half experienced a strong recovery which delivered a strong EBITDA of \$12.6m an increase of 250% on the first half due to revised management arrangements, efficiency initiatives and cost controls.

The successful completion during the year of the Welldrill transaction adds a unique offering within an area of strategic focus, that also has significant growth prospects. The cross-pollination of offerings, whilst being supported by the centralised corporate shared services model provides an efficient way to provide a comprehensive portfolio of surface drilling services to our customers.

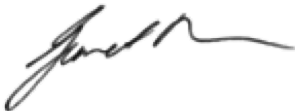
We have prioritised investment in our people and have grown our workforce to over 300 employees during the year, which is a 30% increase on the previous year and we remain focussed on employee diversity. We have also increased our efforts on training personnel and as a part of this we have commissioned a training drill simulator during the year. We continue to invest in apprenticeships across the group to enable a depth of skills within our business.

¹ EBITDA is a non-IFRS measure calculated by adding back Depreciation, balancing adjustments and amortisation costs \$15.8m and interest costs of \$1.8m to statutory Net Profit Before Tax of \$0.03m.

The Company is placing significant focus on cash conversion, achieving positive net operating cash of \$16.9m in FY23 with a cash conversion ratio in relation to EBITDA of 93% and this will be a continued focus in FY24. Our strategic plan focuses on operational performance and financial strength enabling growth opportunities with the view to maximise total shareholder returns. More detail is provided on this within our full year results presentation.

We would like to reiterate our commitment to keeping our people safe and delivering shareholder value through our focus on delivering value to our clients and fostering innovation.

Yours sincerely



Garret Dixon
Non-executive Chair



Geoff Newman
Chief Executive Officer



Dynamic Group Holdings Limited

ABN 49 640 888 213

Annual Report - 30 June 2023

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Dynamic Group Holdings Limited
Corporate directory
30 June 2023



Directors	Mark Davis - Managing Director Garret Dixon - Chair Matthew Freedman - Executive Director George Garnett - Non-executive Director Joel Skipworth - 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 (WA) 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

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 2023.

Directors

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

- Mark Davis
- Matthew Freedman
- George Garnett
- Garret Dixon
- David Kinnersley (resigned 21 April 2023)
- Joel Skipworth

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 profit for the consolidated entity after providing for income tax amounted to \$1,986,493 (30 June 2022: \$2,047,302).

Operational performance for the consolidated entity resulted in FY23 revenue from ordinary activities of \$102.8m (41% growth from FY22), FY23 EBITDA of \$17.6m (3% growth from FY22) and an NPAT of \$2.0m (\$2.0m NPAT in FY22).

The statutory NPAT includes one-off transactions costs in relation to the acquisition of Welldrill as well as non-cash amortisation costs in relation to the acquisitions on both Orlando and Welldrill.

	Consolidated	
	2023	2022
	\$	\$
Normalised NPAT (Non-IFRS)		
Statutory NPAT	1,986,493	2,047,302
One-off transaction costs	315,000	300,000
Non-cash amortisation of customer contracts	<u>5,387,051</u>	<u>6,792,397</u>
Normalised operating NPAT	<u><u>7,688,544</u></u>	<u><u>9,139,699</u></u>

Dynamic Group Holdings Limited successfully completed acquisition of Welldrill, comprising Delmoss Nominees Pty Ltd and PDC Drilling Pty Ltd on 15 July 2022.

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.

FY23 margins were impacted by one-off transaction costs, poor performance of the exploration business mainly in 1H23 as well as group wide labour challenges, COVID absenteeism and weather events. The successful integration of Welldrill and 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.

The company's strategy focused on cash generation and conversion during FY23 resulted in \$16.9m of operating cash flow with a 96% conversion rate. Approx net \$8.3m of capex was invested in FY23.

The company deployed additional fleet in FY23 (1 drill and blast rig and 1 water drilling rig) and repurposed 2 exploration rigs to the Welldrill business in 4Q23.

The company's focus on commercial risk mitigation resulted in a diversified customer base with approximately 73% of FY23 revenue coming from the production phase of the cycle. Commodity diversification also improved with a strong improvement in battery metals.

The company is aware of business risks associated with exposure to the mining industry and labour market challenges as it continues to focus on maximising ROCE, reducing debt and maintaining balance sheet strength to ensure sustainability through the cycle.

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

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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:	Business Development & Technical Services
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:	8,333,333
Interests in options:	1,435,000
Interests in rights:	1,281,220

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): Non-executive Chairman - Fenix Resources Limited (January 2020 to February 2021)
 Interests in shares: 305,556
 Interests in rights: 620,000

Name: Matthew Leo Freedman
 Title: Executive Director
 Qualifications: Bachelor of Business Administration
 Experience and expertise: Matthew brings over 14 years of experience 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: Non-executive Director - Cosmos Exploration Limited
 Non-executive Director - Ardiden Limited
 Former directorships (last 3 years): Nil
 Interests in shares: 8,333,333
 Interests in options: 1,252,500
 Interests in rights: 1,281,220

Name: George Henry Miller Garnett
 Title: Non-executive Director
 Qualifications: Bachelor of Commerce
 Experience and expertise: 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 Corporate Finance at Canaccord Genuity Australia.

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: David Kinnersley
 Title: Executive Director
 Experience and expertise: David has over 23 years in the mining and drilling industry. Experience and knowledge starting from underground and open pit operations, drill operator, operations supervisor before co-funding Orlando Drilling in 2008.

Other current directorships:
 Former directorships (last 3 years):
 Interests in shares: 16,250,000
 Interests in options: 552,500

Name: Joel Skipworth
 Title: Executive Director
 Experience and expertise: Joel has 23 years of 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

'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 2023, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Mark Davis	11	10
Garret Dixon	11	11
Matthew Freedman	11	11
George Garnett	11	1
David Kinnersley	9	8
Joel Skipworth	11	10

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 2023, 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>	3	3	2	2

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.

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)
- 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)
- David Kinnersley (appointed 14 July 2021 and resigned 21 April 2023)
- Joel Skipworth (appointed 14 July 2021)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
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
	<u>1,246,413</u>	<u>454,475</u>	<u>-</u>	<u>153,408</u>	<u>-</u>	<u>202,033</u>	<u>2,056,329</u>

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 bonuses to be paid during the year ended 30 June 2024 totaling \$320,450 have been raised, however are not included within the above.

2022	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Garret Dixon	75,000	-	-	7,500	-	51,600	134,100
George Garnett	46,667	-	-	4,667	-	51,600	102,934
<i>Executive Directors:</i>							
Mark Davis	261,579	131,400	-	26,158	-	68,378	487,515
Matthew Freedman	238,750	114,975	-	23,875	-	59,855	437,455
David Kinnersley	207,058	-	-	20,706	-	14,142	241,906
Joel Skipworth	207,058	-	-	20,706	-	14,142	241,906
	1,036,112	246,375	-	103,612	-	259,717	1,645,816

The above cash bonus amounts include cash bonuses paid during the financial year ended 30 June 2022. As at 30 June 2022, accruals for cash bonuses to be paid during the year ended 30 June 2023 totaling \$476,325 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	
	2023	2022	2023	2022	2023	2022
<i>Non-Executive Directors:</i>						
Garret Dixon	100%	62%	-	-	-	38%
George Garnett	100%	50%	-	-	-	50%
<i>Executive Directors:</i>						
Mark Davis	57%	59%	27%	27%	16%	14%
Matthew Freedman	62%	60%	25%	26%	13%	14%
David Kinnersley	70%	94%	24%	-	6%	6%
Joel Skipworth	65%	94%	28%	-	7%	6%
<i>Other Key Management Personnel:</i>						
Geoffrey Newman	95%	-	-	-	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: Mark Davis
 Title: Managing Director
 Agreement commenced: 26 July 2020
 Term of agreement: No fixed term
 Details: \$240,000 per annum excluding superannuation

Name: Matthew Freedman
 Title: Executive Director
 Agreement commenced: 26 July 2020
 Term of agreement: No fixed term
 Details: \$210,000 per annum excluding superannuation

Name: Garret Dixon
Title: Non Executive Chairman
Agreement commenced: 30 June 2020 (agreement varied 16 August 2021)
Term of agreement: No fixed term
Details: \$80,000 per annum excluding superannuation

Name: George Garnett
Title: Non Executive Director
Agreement commenced: 30 June 2020 (agreement varied 16 August 2021)
Term of agreement: No fixed term
Details: \$50,000 per annum excluding superannuation

Name: David Kinnersley
Title: Executive Director
Agreement commenced: 14 July 2021
Term of agreement: No fixed term
Details: \$210,000 per annum excluding superannuation

Name: Joel Skipworth
Title: Executive Director
Agreement commenced: 14 July 2021
Term of agreement: No fixed term
Details: \$210,000 per annum excluding superannuation

Name: Geoffrey Newman
Title: Chief Executive Officer
Agreement commenced: 14 February 2023
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 3 months notice, or where payment is made in lieu of notice being serviced, 3 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 2023.

Issue of Options

Details of options issued to directors and other key management personnel as part of compensation during the year ended 30 June 2023 are set out below:

Name	Number of options granted	Grant date	Vesting date	Expiry date	Exercise price	Fair value per option at grant date	Vesting condition
Mark Davis	110,000	10/11/2022	10/11/2023	10/11/2025	\$0.58	\$0.086	Employment vesting date service until
Matthew Freedman	95,000	10/11/2022	10/11/2023	10/11/2025	\$0.58	\$0.086	Employment vesting date service until
David Kinnersley	95,000	10/11/2022	10/11/2023	10/11/2025	\$0.58	\$0.086	Employment vesting date service until
Joel Skipworth	95,000	10/11/2022	10/11/2023	10/11/2025	\$0.58	\$0.086	Employment vesting date service until
Mark Davis	110,000	10/11/2022	10/11/2024	10/11/2026	\$0.64	\$0.102	Employment vesting date service until
Matthew Freedman	95,000	10/11/2022	10/11/2024	10/11/2026	\$0.64	\$0.102	Employment vesting date service until
David Kinnersley	95,000	10/11/2022	10/11/2024	10/11/2026	\$0.64	\$0.102	Employment vesting date service until
Joel Skipworth	95,000	10/11/2022	10/11/2024	10/11/2026	\$0.64	\$0.102	Employment vesting date service until
Mark Davis	110,000	10/11/2022	10/11/2025	10/11/2027	\$0.72	\$0.114	Employment vesting date service until
Matthew Freedman	95,000	10/11/2022	10/11/2025	10/11/2027	\$0.72	\$0.114	Employment vesting date service until
David Kinnersley	95,000	10/11/2022	10/11/2025	10/11/2027	\$0.72	\$0.114	Employment vesting date service until
Joel Skipworth	95,000	10/11/2022	10/11/2025	10/11/2027	\$0.72	\$0.114	Employment vesting date service until
Geoffrey Newman	28,500	22/03/2023	10/11/2023	10/11/2025	\$0.58	\$0.039	Employment vesting date service until
Geoffrey Newman	28,500	22/03/2023	10/11/2024	10/11/2026	\$0.64	\$0.052	Employment vesting date service until
Geoffrey Newman	28,500	22/03/2023	10/11/2025	10/11/2027	\$0.72	\$0.062	Employment vesting date service until
	<u>1,270,500</u>						

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2023 are set out below:

Name	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Remuneration consisting of options for the year %
Mark Davis	33,168	-	-	16.00%
Matthew Freedman	28,645	-	-	14.00%
David Kinnersley	28,645	-	-	6.00%
Joel Skipworth	28,645	-	-	7.00%
Geoffrey Newman	4,349	-	-	3.00%
	<u>123,452</u>	<u>-</u>	<u>-</u>	

Issue of Rights

Details of rights issued to directors and other key management personnel as part of compensation during the year ended 30 June 2023 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
Geoff Newman	500,000	22/03/2023	30/06/2024	22/03/2026	\$0.00	\$0.430	30-day VWAP reaching \$0.50 during FY2024
Geoff Newman	500,000	22/03/2023	30/06/2024	22/03/2027	\$0.00	\$0.430	30-day VWAP reaching \$0.75 during FY2025
Geoff Newman	500,000	22/03/2023	30/06/2024	22/03/2028	\$0.00	\$0.430	30-day VWAP reaching \$1.00 during FY2026
	<u>1,500,000</u>						

Values of rights granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2023 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 %
Geoffrey Newman	<u>6,202</u>	<u>-</u>	<u>-</u>	4.00%

Additional disclosures relating to equity instruments

The earnings of the consolidated entity for the five years to 30 June 2023 are summarised below:

	2023 \$	2022 \$	2021 \$	2020 \$	2019 \$
Sales revenue	102,856,417	73,037,276	22,508,589	15,213,916	19,068,888
EBITDA	17,631,030	17,123,264	5,042,046	2,218,581	1,473,549
EBIT	1,633,243	4,403,255	2,363,526	435,433	1,263,075
Profit / (Loss) after income tax	1,986,493	2,047,302	1,640,132	434,882	1,526,249

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

	2023	2022	2021	2020	2019
Share price at financial year end (\$)	0.27	0.31	0.42	-	-
Basic earnings per share (cents per share)	1.55	1.81	3.07	1.73	6.10
Diluted earnings per share (cents per share)	1.54	1.69	2.70	1.73	6.10

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	-	-	-	8,333,333
Matthew Freedman	8,333,333	-	-	-	8,333,333
Garret Dixon	305,556	-	-	-	305,556
George Garnett	1,598,614	-	-	-	1,598,614
David Kinnersley	11,250,000	-	5,000,000	(16,250,000)	-
Joel Skipworth	11,250,000	-	5,000,000	-	16,250,000
	<u>41,070,836</u>	<u>-</u>	<u>10,000,000</u>	<u>(16,250,000)</u>	<u>34,820,836</u>

David Kinnersley resigned on 21 April 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	-	-	-	-	-	-
David Kinnersley	-	-	-	-	-	-
Geoffrey Newman	-	1,500,000	-	-	-	1,500,000
	<u>3,517,900</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,017,900</u>

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	2,987,280	300,000	-	(1,852,280)	1,435,000	-
Matthew Freedman	2,849,780	285,000	-	(1,882,280)	1,252,500	-
George Garnett	316,540	-	-	(316,540)	-	-
Garret Dixon	-	-	-	-	-	-
David Kinnersley	267,500	285,000	-	-	552,500	-
Joel Skipworth	267,500	285,000	-	-	552,500	-
Geoffrey Newman	-	85,500	-	-	85,500	-
	<u>6,688,600</u>	<u>1,240,500</u>	<u>-</u>	<u>(4,051,100)</u>	<u>3,878,000</u>	<u>-</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
06/08/2020	06/08/2023	\$0.25	750,000
10/12/2020	10/12/2023	\$0.74	375,000
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	423,500
10/11/2022	10/11/2027	\$0.72	423,500

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.

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 (WA) Pty Ltd

There are no officers of the company who are former partners of BDO Audit (WA) 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 (WA) 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



Mark Davis
Director

28 August 2023

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF DYNAMIC GROUP HOLDINGS LIMITED

As lead auditor of Dynamic Group Holdings Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth

28 August 2023

For personal use only

Dynamic Group Holdings Limited

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General information

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

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

Registered office

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

Principal place of business

Level 2
76 Hasler Road
Osborne Park WA 6017

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 August 2023. The directors have the power to amend and reissue the financial statements.

Dynamic Group Holdings Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated	
		2023	2022
		\$	\$
Revenue	4	102,856,417	73,037,276
Other income	5	547,627	1,143,113
Finance Income		882	57
Expenses			
Operating expenses	6	(35,094,894)	(18,411,798)
Travel & accommodation		(2,754,669)	(1,889,807)
Employee benefits expense		(3,473,571)	(2,269,055)
Employment Expenses		(37,801,780)	(28,826,387)
Depreciation and amortisation expense		(15,189,514)	(12,720,009)
Vehicle expenses		(1,617,395)	(1,688,285)
Share based payments - employee benefits	40	(300,065)	(259,716)
Other expenses	7	(5,318,809)	(3,712,134)
Finance costs		(1,820,334)	(717,656)
Profit before income tax (expense)/benefit		33,895	3,685,599
Income tax (expense)/benefit	8	1,952,598	(1,638,297)
Profit after income tax (expense)/benefit for the year attributable to the owners of Dynamic Group Holdings Limited	25	1,986,493	2,047,302
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Dynamic Group Holdings Limited		<u>1,986,493</u>	<u>2,047,302</u>
		Cents	Cents
Basic earnings per share	39	1.55	1.81
Diluted earnings per share	39	1.54	1.69

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

Dynamic Group Holdings Limited
Statement of financial position
As at 30 June 2023



	Note	Consolidated 2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	9	12,145,233	9,503,502
Trade and other receivables	10	19,386,498	11,666,577
Inventories	11	7,400,157	6,619,034
Other	12	1,305,034	1,852,887
Total current assets		<u>40,236,922</u>	<u>29,642,000</u>
Non-current assets			
Property, plant and equipment	13	48,663,659	35,952,398
Right-of-use assets		1,515,179	744,392
Intangibles	14	14,277,537	12,754,403
Deferred tax	15	1,106,510	935,733
Other		107,701	21,517
Total non-current assets		<u>65,670,586</u>	<u>50,408,443</u>
Total assets		<u>105,907,508</u>	<u>80,050,443</u>
Liabilities			
Current liabilities			
Trade and other payables	16	11,668,211	4,731,104
Borrowings	17	8,555,540	6,739,691
Lease liabilities		1,384,164	539,139
Income tax	18	3,769,993	2,922,931
Employee benefits	19	2,608,744	1,717,075
Provisions	20	500,000	8,380,000
Other		396,819	453,152
Total current liabilities		<u>28,883,471</u>	<u>25,483,092</u>
Non-current liabilities			
Borrowings	21	22,520,628	11,812,695
Lease liabilities		159,991	311,093
Deferred tax	22	6,925,916	5,812,619
Total non-current liabilities		<u>29,606,535</u>	<u>17,936,407</u>
Total liabilities		<u>58,490,006</u>	<u>43,419,499</u>
Net assets		<u>47,417,502</u>	<u>36,630,944</u>
Equity			
Issued capital	23	40,591,602	32,091,602
Reserves	24	673,353	373,288
Retained profits	25	6,152,547	4,166,054
Total equity		<u>47,417,502</u>	<u>36,630,944</u>

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

Dynamic Group Holdings Limited
Statement of changes in equity
For the year ended 30 June 2023

Consolidated	Issued capital \$	Share based payment reserve \$	Retained profits \$	Total equity \$
Balance at 1 July 2021	11,595,065	113,572	2,118,752	13,827,389
Profit after income tax expense for the year	-	-	2,047,302	2,047,302
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	2,047,302	2,047,302
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 23)	3,621,537	-	-	3,621,537
Share-based payments (note 40)	-	259,716	-	259,716
Issue of shares for acquisition of business	16,875,000	-	-	16,875,000
Balance at 30 June 2022	<u>32,091,602</u>	<u>373,288</u>	<u>4,166,054</u>	<u>36,630,944</u>

Consolidated	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 for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	1,986,493	1,986,493
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 40)	-	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>

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

Dynamic Group Holdings Limited
Statement of cash flows
For the year ended 30 June 2023



	Note	Consolidated	
		2023	2022
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		114,684,789	77,997,444
Payments to suppliers and employees (inclusive of GST)		(94,975,664)	(65,500,330)
Receipts of Government Grants		316,310	779,777
Receipts of other income		231,317	288,718
Interest received		882	57
Interest and other finance costs paid		(1,846,652)	(728,075)
Income taxes paid		(1,540,090)	(378,527)
Net cash from operating activities	36	<u>16,870,892</u>	<u>12,459,064</u>
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired	33	(17,752,548)	1,484,451
Payments for property, plant and equipment		(9,902,712)	(22,379,125)
Proceeds from disposal of property, plant and equipment		1,615,873	74,618
Net cash used in investing activities		<u>(26,039,387)</u>	<u>(20,820,056)</u>
Cash flows from financing activities			
Proceeds from issue of shares	23	-	3,621,537
Proceeds of borrowings		24,313,671	14,180,858
(Repayment)of borrowings		(11,789,889)	(8,154,078)
(Repayment) of leases		(713,556)	(534,047)
Net cash from financing activities		<u>11,810,226</u>	<u>9,114,270</u>
Net increase in cash and cash equivalents		2,641,731	753,278
Cash and cash equivalents at the beginning of the financial year		<u>9,503,502</u>	<u>8,750,224</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>12,145,233</u></u>	<u><u>9,503,502</u></u>

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, 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.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

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

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 32.

Going Concern

The Company incurred profit before tax of \$33,895 (2022: Profit \$3,685,599) during the reporting period ended 30 June 2023, and had a net cash inflow of \$2,641,731 (2022: \$753,278).

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.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Dynamic Group Holdings Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Dynamic Group Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Note 1. Significant accounting policies (continued)

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

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

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.

Mobilisation

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

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Note 1. Significant accounting policies (continued)

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. 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.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

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.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Note 1. Significant accounting policies (continued)

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

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

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 are subject to impairment or adjusted for any remeasurement of lease liabilities.

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. Lease payments on these assets are expensed to profit or loss as incurred.

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. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer contracts

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

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 1. Significant accounting policies (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset using the effective interest rate method.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

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

Note 1. Significant accounting policies (continued)

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.

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.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Note 1. Significant accounting policies (continued)

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

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.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Dynamic Group Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 1. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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 2023. 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, as well as the impact of the COVID-19 pandemic 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.

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

Goodwill

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

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.

Business combinations

Business combinations require assets and liabilities acquired to be fair valued on the date of the acquisition, which required significant estimation.

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

	Consolidated	
	2023	2022
	\$	\$
Services	<u>102,856,417</u>	<u>73,037,276</u>

Dynamic Group Holdings Limited
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Note 4. Revenue (continued)

Disaggregation of revenue

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

	Consolidated	
	2023	2022
	\$	\$
<i>Product type</i>		
Services	<u>102,856,417</u>	<u>73,037,276</u>
<i>Geographical regions</i>		
Western Australia	<u>102,856,417</u>	<u>73,037,276</u>
<i>Timing of revenue recognition</i>		
Services transferred over time	<u>102,856,417</u>	<u>73,037,276</u>

During the year ended 30 June 2023, 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 2023	Revenue for the year ended 30 June 2022
	\$	\$
Customer		
Allkem Ltd	22,157,334	12,816,614
BHP Billiton Ltd	14,893,600	-

Note 5. Other income

	Consolidated	
	2023	2022
	\$	\$
Net gain on disposal of property, plant and equipment	-	74,618
Subsidies and grants	316,310	779,777
Insurance recoveries	<u>231,317</u>	<u>288,718</u>
Other income	<u>547,627</u>	<u>1,143,113</u>

Note 6. Operating expenses

	Consolidated	
	2023	2022
	\$	\$
Consumables / Maintenance	24,603,395	9,898,556
Labour Hire / Contractors	5,184,317	4,680,369
Equipment hire (short term)	3,305,219	2,329,518
Freight	<u>2,001,963</u>	<u>1,503,355</u>
	<u>35,094,894</u>	<u>18,411,798</u>

Dynamic Group Holdings Limited
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Note 7. Other expenses

	Consolidated	
	2023	2022
	\$	\$
Legal & consulting	507,564	373,488
Rental & associated expenses	309,135	276,248
Audit & Accounting	155,298	123,289
Insurance	1,636,110	1,209,477
One-off transaction related costs	315,000	310,000
Other expenses	1,303,192	1,419,632
Computer & Telephone	505,223	-
Net loss on disposal of Property, plant & equipment	587,287	-
	<u>5,318,809</u>	<u>3,712,134</u>

Note 8. Income tax expense/(benefit)

	Consolidated	
	2023	2022
	\$	\$
<i>Income tax expense/(benefit)</i>		
Deferred tax - origination and reversal of temporary differences	(4,980,991)	(1,791,634)
Provision for income tax	3,028,393	3,429,931
	<u>(1,952,598)</u>	<u>1,638,297</u>
Aggregate income tax expense/(benefit)		
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets (note 15)	(90,011)	565,173
Decrease in deferred tax liabilities (note 22)	(4,890,980)	(2,356,807)
	<u>(4,980,991)</u>	<u>(1,791,634)</u>
Deferred tax - origination and reversal of temporary differences		
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Profit before income tax (expense)/benefit	33,895	3,685,599
Tax at the statutory tax rate of 30%	10,169	1,105,680
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	24,515	39,949
Share-based payments	90,020	77,915
Non deductible items & adjustments	452	4,490
	<u>125,156</u>	<u>1,228,034</u>
Prior year temporary differences not recognised now recognised	(2,077,754)	-
Adjustment to deferred tax balances as a result of change in statutory tax rate	-	94,558
Deferred taxes on business combination now not recognised	-	315,705
	<u>(1,952,598)</u>	<u>1,638,297</u>
Income tax expense/(benefit)		
	<u>(1,952,598)</u>	<u>1,638,297</u>
	Consolidated	
	2023	2022
	\$	\$
<i>Amounts credited directly to equity</i>		
Deferred tax assets (note 15)	-	(44,018)

Note 9. Cash and cash equivalents

	Consolidated	
	2023	2022
	\$	\$
Cash on hand	602	602
Cash at bank	12,144,631	9,502,900
	<u>12,145,233</u>	<u>9,503,502</u>

Note 10. Trade and other receivables

	Consolidated	
	2023	2022
	\$	\$
Trade receivables	15,174,901	11,870,457
Less: Allowance for expected credit losses	-	(203,880)
	<u>15,174,901</u>	<u>11,666,577</u>
Other receivables	4,211,597	-
	<u>19,386,498</u>	<u>11,666,577</u>

Other receivables relate to income accrued, not yet invoiced as at 30 June 2023.

Allowance for expected credit losses

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

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2023	2022	2023	2022	2023	2022
	%	%	\$	\$	\$	\$
Not overdue	-	-	19,386,498	11,293,527	-	-
0 to 3 months overdue	-	10%	-	322,824	-	32,282
Over 3 months overdue	-	65%	-	221,964	-	144,277
Over 6 months overdue	-	85%	-	32,142	-	27,321
			<u>19,386,498</u>	<u>11,870,457</u>	<u>-</u>	<u>203,880</u>

Note 11. Inventories

	Consolidated	
	2023	2022
	\$	\$
Stock on hand - at cost	<u>7,400,157</u>	<u>6,619,034</u>

Dynamic Group Holdings Limited
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Note 12. Other

	Consolidated	
	2023	2022
	\$	\$
Prepayments	1,034,794	1,114,586
Other deposits	270,240	738,301
	<u>1,305,034</u>	<u>1,852,887</u>

Note 13. Property, plant and equipment

	Consolidated	
	2023	2022
	\$	\$
Leasehold improvements - at cost	322,337	307,347
Less: Accumulated depreciation	(136,090)	(122,441)
	<u>186,247</u>	<u>184,906</u>
Plant and equipment - at cost	88,306,517	58,855,100
Less: Accumulated depreciation	(42,027,914)	(25,795,071)
	<u>46,278,603</u>	<u>33,060,029</u>
Motor vehicles - at cost	4,787,810	4,315,511
Less: Accumulated depreciation	(2,589,001)	(1,608,048)
	<u>2,198,809</u>	<u>2,707,463</u>
	<u>48,663,659</u>	<u>35,952,398</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 2021	62,493	9,622,088	685,380	10,369,961
Additions	82,278	12,301,941	1,831,306	14,215,525
Additions through business combinations	52,655	16,041,649	747,486	16,841,790
Disposals	-	(86,931)	(79,525)	(166,456)
Depreciation expense	(12,521)	(4,818,719)	(477,182)	(5,308,422)
Balance as at 30 June 2022	<u>184,905</u>	<u>33,060,028</u>	<u>2,707,465</u>	<u>35,952,398</u>

Note 13. 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:

Consolidated	Leasehold Improvements \$	Plant & Equipment \$	Motor Vehicles \$	Total \$
Balance 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 (note 33)	-	13,849,627	334,000	14,183,627
Disposals	-	(1,979,238)	(223,922)	(2,203,160)
Depreciation expense	(13,648)	(8,792,234)	(628,834)	(9,434,716)
Balance at 30 June 2023	<u>186,247</u>	<u>46,278,603</u>	<u>2,198,809</u>	<u>48,663,659</u>

Note 14. Intangibles

	Consolidated 2023 \$	2022 \$
Goodwill - at cost	7,928,058	7,291,423
Customer contracts - at cost	18,307,941	12,255,377
Less: Accumulated amortisation	(11,958,462)	(6,792,397)
	<u>6,349,479</u>	<u>5,462,980</u>
	<u>14,277,537</u>	<u>12,754,403</u>

Reconciliations

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

Consolidated	Goodwill \$	Customer Contracts \$	Borrowing Costs \$	Formation Costs \$	Total \$
Balance at 1 July 2022	7,291,423	5,462,980	-	-	12,754,403
Additions through business combinations (note 33)	636,636	6,058,806	-	-	6,695,442
Amortisation expense	-	(5,172,308)	-	-	(5,172,308)
Balance at 30 June 2023	<u>7,928,059</u>	<u>6,349,478</u>	<u>-</u>	<u>-</u>	<u>14,277,537</u>

Impairment testing

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

	Consolidated 2023 \$	2022 \$
Entire business	<u>7,942,626</u>	<u>7,291,423</u>

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cashflow model, based on a 12 month projection period approved by management and extrapolated for a further 4 years using a steady rate, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating unit is most sensitive.

Note 14. Intangibles (continued)

The following key assumptions were used in the discounted cash flow model for the computer retailing division:

- 10% pre-tax discount rate
- 5% per annum projected revenue growth rate
- 0% terminal growth rate

The discount rate of 10% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the business, the risk free rate and the volatility of the share price relative to market movements.

Management believes the projected 5% revenue growth rate is prudent and justified, based on historical performance.

There were not other key assumptions for the business.

Based on the above, the recoverable amount of the cash generating using, exceeds the carrying amount by \$45,552,951.

Note 15. Deferred tax

	Consolidated	
	2023	2022
	\$	\$
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Retirement benefit obligations	782,623	515,123
Leases	8,693	31,752
Provision for doubtful debt	-	61,164
Accrued expenses	22,800	16,950
Business related capital expenditure	292,394	310,744
	<u>1,106,510</u>	<u>935,733</u>
Deferred tax asset	<u>1,106,510</u>	<u>935,733</u>
<i>Movements:</i>		
Opening balance	935,733	949,510
Credited/(charged) to profit or loss (note 8)	90,011	(565,173)
Credited to equity (note 8)	-	44,018
Additions through business combinations (note 33)	80,766	507,378
	<u>1,106,510</u>	<u>935,733</u>
Closing balance	<u>1,106,510</u>	<u>935,733</u>

Note 16. Trade and other payables

	Consolidated	
	2023	2022
	\$	\$
Trade payables	9,220,535	4,086,071
GST & PAYG payable	2,080,732	759,192
Other payables	366,944	(114,159)
	<u>11,668,211</u>	<u>4,731,104</u>
	<u>11,668,211</u>	<u>4,731,104</u>

Refer to note 27 for further information on financial instruments.

Note 17. Borrowings

	Consolidated	
	2023	2022
	\$	\$
Bank loans	8,540,560	6,738,497
Credit Cards	14,980	1,194
	<u>8,555,540</u>	<u>6,739,691</u>

Note 18. Income tax

	Consolidated	
	2023	2022
	\$	\$
Provision for income tax	<u>3,769,993</u>	<u>2,922,931</u>

Note 19. Employee benefits

	Consolidated	
	2023	2022
	\$	\$
Annual leave	1,193,175	979,746
Long service leave	321,524	329,829
Employee benefits	1,094,045	407,500
	<u>2,608,744</u>	<u>1,717,075</u>

Note 20. Provisions

	Consolidated	
	2023	2022
	\$	\$
Deferred consideration	-	7,500,000
Provision for STIP	500,000	880,000
	<u>500,000</u>	<u>8,380,000</u>

Note 21. Borrowings

	Consolidated	
	2023	2022
	\$	\$
Bank loans	<u>22,520,628</u>	<u>11,812,695</u>

Refer to note 27 for further information on financial instruments.

Dynamic Group Holdings Limited
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30 June 2023

Note 21. Borrowings (continued)

Total secured liabilities

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

	Consolidated	
	2023	2022
	\$	\$
Bank loans	31,061,188	18,551,192
Credit Cards	14,980	1,194
	<u>31,076,168</u>	<u>18,552,386</u>

The interest rates and maturity of borrowings is as follows:

	Balance at 30 June 2022 \$	Interest Rate %	Maturity Date
Bank loan	578,245	2.89%	January 2023
Bank loan	6,832	2.88%	July 2022
Bank loan	305,229	2.82%	September 2022
Bank loan	18,448	2.98%	October 2022
Bank loan	28,258	2.64%	December 2022
Bank loan	74,681	3.49%	February 2023
Bank loan	83,200	2.85%	March 2023
Bank loan	1,324,297	5.82%	June 2023
Bank loan	507,339	3.96%	July 2023
Bank loan	31,266	2.58%	September 2023
Bank loan	349,690	4.29%	November 2023
Bank loan	32,589	2.41%	January 2024
Bank Loan	186,748	4.82%	May 2024
Bank Loan	69,118	3.16%	December 2024
Bank Loan	62,653	3.51%	February 2025
Bank Loan	560,367	3.13%	April 2025
Bank Loan	54,557	3.36%	May 2025
Bank Loan	100,565	2.54%	July 2025
Bank Loan	102,964	2.87%	September 2025
Bank Loan	593,302	4.19%	October 2025
Bank Loan	311,449	3.99%	November 2025
Bank Loan	77,842	3.89%	December 2025
Bank Loan	243,761	3.28%	January 2026
Bank Loan	666,861	3.95%	February 2026
Bank Loan	459,450	3.29%	March 2026
Bank Loan	2,560,288	3.29%	April 2026
Bank Loan	1,339,065	3.11%	July 2026
Bank Loan	187,132	2.98%	October 2026
Bank Loan	1,528,730	3.72%	November 2026
Bank Loan	2,242,508	3.41%	December 2026
Bank Loan	3,383,758	5.40%	May 2027
Bank Loan	480,000	6.78%	June 2027
	<u>18,551,192</u>		

Dynamic Group Holdings Limited
Notes to the financial statements
30 June 2023

Note 21. 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 2.00:1
- Gross Leverage Ratio of less than 2.00x
- Working Capital Drawn Debt to Debtors Ratio of less than 50%

All required ratios were satisfied during the year.

Dynamic Group Holdings Limited
Notes to the financial statements
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Note 22. Deferred tax

	Consolidated	
	2023	2022
	\$	\$
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Property, plant and equipment	1,491,319	1,549,410
Prepayments	(45,493)	48,013
	<u>1,445,826</u>	<u>1,597,423</u>
Amounts recognised in equity:		
Revaluation of property, plant and equipment	3,662,448	2,576,302
Business combination	1,817,642	1,638,894
	<u>5,480,090</u>	<u>4,215,196</u>
Deferred tax liability	<u>6,925,916</u>	<u>5,812,619</u>
<i>Movements:</i>		
Opening balance	5,812,619	1,203,253
Credited to profit or loss (note 8)	(4,890,980)	(2,356,807)
Additions through business combinations (note 33)	5,473,846	6,966,173
Prior year balances now recognised	530,431	-
Closing balance	<u>6,925,916</u>	<u>5,812,619</u>

Note 23. Issued capital

	Consolidated			
	2023	2022	2023	2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>134,552,955</u>	<u>114,873,844</u>	<u>40,591,602</u>	<u>32,091,602</u>

The interposition reflects the 100% acquisition of Dynamic Drill & Blast Pty Ltd, Dynamic Drill and Blast Holdings Limited issued shares to the shareholders of Dynamic Drill & Blast Pty Ltd, in proportion to their original shareholding.

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	<u>16,666,667</u>	\$0.45	<u>7,500,000</u>
Balance	30 June 2023	<u>134,552,955</u>		<u>40,591,602</u>

Dynamic Group Holdings Limited
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Note 23. Issued capital (continued)

Movements in ordinary share capital for the year ended 30 June 2022.

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	68,939,527		11,595,065
Issue of securities	8 July 2021	8,434,317	\$0.45	3,770,443
Issue costs	8 July 2021	-	\$0.00	(148,906)
Issue of securities	14 July 2021	<u>37,500,000</u>	\$0.45	<u>16,875,000</u>
Balance	30 June 2022	<u>114,873,844</u>		<u>32,091,602</u>

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 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 24. Reserves

	Consolidated	
	2023	2022
	\$	\$
Share-based payments reserve	<u>673,353</u>	<u>373,288</u>

Note 24. Reserves (continued)

Movements in reserves

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

Consolidated	Share based payment reserve \$	Total \$
Balance at 1 July 2022	373,288	373,288
Issue of unlisted options to Key Management Personnel	195,831	195,831
Issue of unlisted performance rights to Key Management Personnel	104,234	104,234
	<hr/>	<hr/>
Balance at 30 June 2023	<u>673,353</u>	<u>673,353</u>

Note 25. Retained profits

	Consolidated	
	2023	2022
	\$	\$
Retained profits at the beginning of the financial year	4,166,054	2,118,752
Profit after income tax (expense)/benefit for the year	1,986,493	2,047,302
	<hr/>	<hr/>
Retained profits at the end of the financial year	<u>6,152,547</u>	<u>4,166,054</u>

Note 26. Dividends

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

Note 27. Financial instruments

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.

Note 27. Financial instruments (continued)

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

	2023		2022	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Consolidated				
Bank loans	5.79%	31,061,186	4.05%	18,551,192
Net exposure to fair value interest rate risk		<u>31,061,186</u>		<u>18,551,192</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 \$31,061,186 (2022: \$18,551,192), are principal and interest payment loans. Monthly cash outlays of approximately \$1,560,096 (20212: \$741,593) 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 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 27. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Consolidated - 2023					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	9,220,535	-	-	-	9,220,535
Other payables	2,262,316	-	-	-	2,262,316
<i>Interest-bearing - variable</i>					
Bank loans	3,600,000	3,600,000	7,100,000	-	14,300,000
<i>Interest-bearing - fixed rate</i>					
Bank loans	5,633,743	5,082,287	7,627,180	-	18,343,210
Lease liability	565,943	526,759	643,336	-	1,736,038
Total non-derivatives	<u>21,282,537</u>	<u>9,209,046</u>	<u>15,370,516</u>	<u>-</u>	<u>45,862,099</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

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

Note 28. 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
 David Kinnersley
 Joel Skipworth

Compensation

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

	Consolidated	
	2023	2022
	\$	\$
Short-term employee benefits	1,700,888	1,282,489
Post-employment benefits	153,408	103,611
Share-based payments	202,033	259,716
	<u>2,056,329</u>	<u>1,645,816</u>

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Note 29. Remuneration of auditors

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

	Consolidated	
	2023	2022
	\$	\$
<i>Audit services - BDO Audit (WA) Pty Ltd</i>		
Audit or review of the financial statements	140,048	85,559

Note 30. Contingent liabilities

The consolidated entity has contingent liabilities are outlined below:

	Consolidated	
	2023	2022
	\$	\$
Deferred Consideration	-	7,500,000

Note 31. Related party transactions

Parent entity

Dynamic Group Holdings Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 34.

Key management personnel

Disclosures relating to key management personnel are set out in note 28 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 32. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2023	2022
	\$	\$
Loss after income tax	(1,466,696)	(612,900)
Total comprehensive income	(1,466,696)	(612,900)

Note 32. Parent entity information (continued)

Statement of financial position

	Parent	
	2023	2022
	\$	\$
Total current assets	46,727,098	35,513,005
Total assets	47,042,511	35,886,225
Total current liabilities	(2,187,984)	4,688,237
Total liabilities	8,512,016	4,688,237
Equity		
Issued capital	40,591,602	32,105,461
Share-based payments reserve	672,490	373,288
Accumulated losses	(2,733,597)	(1,280,761)
Total equity	<u>38,530,495</u>	<u>31,197,988</u>

Significant accounting policies

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 33. Business combinations

On 15 July 2022 Dynamic Group Holdings Limited acquired 100% of the ordinary shares of Delmoss Nominees Pty Ltd and PDC Drilling Pty Ltd, trading as Welldrill for the total consideration of \$19,000,000. This is a Waterwell drilling business and operates in the water well division of the consolidated entity.

The acquired business contributed revenues of \$28,971,075 and profit before tax of \$1,886,646 to the consolidated entity for the period from 16 July 2022 to 30 June 2023. If the acquisition occurred on 1 July 2022 the full year contributions would have been revenue of \$29,439,996 and profit before tax of \$2,033,279. The values identified in relation to the acquisition of Welldrill are final as at 30 June 2023.

Given the similarities in the activities of the business acquired, Dynamic Group Holdings Limited expect to benefit from synergies obtained with the Welldrill group.

Details of the acquisition are as follows:

	Fair value
	\$
Cash and cash equivalents	247,452
Trade receivables	3,729,515
Stock	1,004,886
Property, Plant and equipment	14,183,627
Customer contracts	6,058,806
Deferred tax asset	80,766
Other assets	621,637
Trade payables	(948,750)
Deferred tax liability	(5,473,846)
Employee benefits	(603,986)
Other liabilities	(536,743)
	<hr/>
Net assets acquired	18,363,364
Goodwill	636,636
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u>19,000,000</u>
Representing:	
Cash paid or payable to vendor	18,000,000
Dynamic Group Holdings Limited shares issued to vendor	1,000,000
	<hr/>
	<u>19,000,000</u>

The fair value of accounts receivables acquired as noted above have been recovered in full.

Note 34. 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	
		2023	2022
		%	%
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%	-
PDC Drilling Pty Ltd	Australia	100.00%	-

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Note 35. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 36. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2023	2022
	\$	\$
Profit after income tax (expense)/benefit for the year	1,986,493	2,047,302
Adjustments for:		
Depreciation and amortisation	14,600,781	12,720,009
Net loss on disposal of property, plant and equipment	587,287	-
Share-based payments	300,065	259,716
Change in operating assets and liabilities:		
Increase in trade and other receivables	(7,719,921)	(7,599,450)
Increase in inventories	(781,123)	(5,354,357)
Decrease/(increase) in deferred tax assets	(170,776)	13,777
Decrease/(increase) in prepayments	79,172	(866,828)
(Increase) in tax refund due	-	172,490
Increase in other operating assets	(1,420,219)	(1,097,467)
Increase in trade and other payables	6,937,106	2,551,305
Increase in provision for income tax	853,305	2,922,931
Increase in deferred tax liabilities	1,107,053	4,609,366
Increase in employee benefits	891,669	1,200,270
Increase/(decrease) in other provisions	(380,000)	880,000
Net cash from operating activities	<u>16,870,892</u>	<u>12,459,064</u>

Note 37. Non-cash investing and financing activities

	Consolidated	
	2023	2022
	\$	\$
Shares issued in relation to business combinations	<u>(8,500,000)</u>	<u>(16,875,000)</u>

Note 38. Changes in liabilities arising from financing activities

Consolidated	Bank loans \$	Other borrowings \$	Lease liability \$	Total \$
Balance at 1 July 2021	8,134,924	997	930,480	9,066,401
Net cash from / (used in) financing activities	6,026,584	197	(534,047)	5,492,734
Additional leases	-	-	453,799	453,799
Changes through business combinations (note 33)	4,389,684	-	-	4,389,684
Balance at 30 June 2022	18,551,192	1,194	850,232	19,402,618
Net cash from / (used in) financing activities	12,509,994	13,786	(27,263)	12,496,517
Balance at 30 June 2023	<u>31,061,186</u>	<u>14,980</u>	<u>822,969</u>	<u>31,899,135</u>

Dynamic Group Holdings Limited
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Note 39. Earnings per share

	Consolidated	
	2023	2022
	\$	\$
Profit after income tax attributable to the owners of Dynamic Group Holdings Limited	1,986,493	2,047,302
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	128,410,012	113,376,474
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	750,000	7,472,100
Weighted average number of ordinary shares used in calculating diluted earnings per share	129,160,012	120,848,574
	Cents	Cents
Basic earnings per share	1.55	1.81
Diluted earnings per share	1.54	1.69

Note 40. Share-based payments

Options

Details of the Options issued during the period ended 30 June 2023 are outlined below:

	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 2023	\$22,044	\$13,010	\$9,699

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yeild	Risk-free interest rate	Fair value at grant date
10/11/2022	10/11/2025	\$0.31	\$0.58	64.87%	-	2.85%	\$0.086
10/11/2022	10/11/2026	\$0.31	\$0.64	64.87%	-	2.85%	\$0.102
10/11/2022	10/11/2027	\$0.31	\$0.72	64.87%	-	2.85%	\$0.114
22/03/2023	10/11/2025	\$0.23	\$0.58	63.78%	-	2.85%	\$0.039
22/03/2023	10/11/2026	\$0.23	\$0.64	63.78%	-	2.85%	\$0.052
22/03/2023	10/11/2027	\$0.23	\$0.72	63.78%	-	2.85%	\$0.062

Details of Options issued in previous periods, expensed to 30 June 2023 is outlined below:

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Note 40. Share-based payments (continued)

	Unlisted options Exercisable at \$0.74 Maturing on 10 December 2023	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	375,000	562,500	562,500
Exercise price	\$0.74	\$0.82	\$0.92
Maturity date	10 December 2023	10 December 2024	10 December 2025
Vesting final date	10 December 2022	10 December 2023	10 December 2023
Share based payment expensed to 30 June 2023	\$13,077	\$32,955	\$35,720
	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 2023	\$19,895	\$28,637	\$20,794

Set out below are summaries of the options granted:
2023

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
25/06/2020	25/06/2023	\$0.30	5,667,600	-	-	5,667,600	-	-
25/06/2020	25/06/2023	\$0.30	1,054,500	-	-	1,054,500	-	-
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	-	-	423,500	-
10/11/2022	10/11/2027	\$0.72	-	423,500	-	-	423,500	-

Performance Rights

Details of the Performance Rights issued during the year ended 30 June 2023 are outlined below:

Dynamic Group Holdings Limited
Notes to the financial statements
30 June 2023

Note 40. Share-based payments (continued)

	Date of Issue	Vesting condition	Number of Performance Rights	Expiry date	Probability of achieving milestone
Tranche 1	10 November 2022	Employment service until 15 July 2024	300,000	10 November 2025	0%
Tranche 2	10 November 2022	Employment service until 15 July 2025	200,000	10 November 2026	0%
Class A	22 March 2023	30-day WVAP reaching \$0.50 during FY2024	500,000	22 March 2026	100%
Class B	22 March 2023	30-day WVAP reaching \$0.75 during FY2025	500,000	22 March 2027	100%
Class C	22 March 2023	30-day WVAP reaching \$1.00 during FY2026	500,000	22 March 2028	100%
Employee 1	22 March 2023	Employment Service until 22 March 2025	1,638,419	22 March 2027	100%
Employee 2	22 March 2023	Employment Service until 22 March 2024	736,517	22 March 2026	100%

2023

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	-	-	-	-	819,475
24/06/2020	30/06/2025	\$0.00	819,475	-	-	-	-	819,475
24/06/2020	30/06/2025	\$0.00	819,475	-	-	-	-	819,475
24/06/2020	30/06/2025	\$0.00	819,475	-	-	-	-	819,475
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	-	-	736,517	-
22/03/2023	22/03/2027	\$0.00	-	1,638,419	-	-	1,638,419	-

Details of performance rights issued expensed during the year ended 30 June 2023 are outlined below:

	Unlisted Performance Rights Tranche 1	Unlisted Performance Rights Tranche 2	Unlisted Performance Rights Tranche 3
Number of Performance rights	500,000	500,000	500,000
Grant date	22 March 2023	22 March 2023	22 March 2023
Expiry date	22 March 2023	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 2023	\$5,150	\$842	\$209

Dynamic Group Holdings Limited
Notes to the financial statements
30 June 2023

Note 40. Share-based payments (continued)

	Unlisted performance rights Employee 1	Unlisted performance rights Employee 2
Number of Performance rights	1,638,419	736,517
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
Share based payment expensed to 30 June 2023	\$46,411	\$51,621

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Dynamic Group Holdings Limited
Directors' declaration
30 June 2023

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 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Mark Davis
Director

28 August 2023

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 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies 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 2023 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.

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.

Business Combination

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>During the financial year ended 30 June 2023, the Group acquired the WellDrill Group as disclosed in Note 33 of the financial report.</p> <p>The audit of accounting for this acquisition is a key audit matter due to the significant judgement involved in estimation of fair value of assets and liabilities acquired.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> • Reviewing the acquisition agreement to understand the key terms and conditions and consideration payable for the acquisition, and confirming our understanding of the transaction with management; • Assessing the calculation of purchase consideration was in accordance with the contractual arrangements of the acquisition; • Evaluating management's expert's methodology and assumptions utilised in determining the fair value of the assets acquired; • Assessing the competency and objectivity of experts engaged by management; • Assessing the identification of assets and liabilities acquired for completeness; • Assessing the appropriateness of the related disclosures in Note 2 and Note 33 to the financial report.

Impairment of Assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As disclosed in Note 14 of the financial report the Group carries a material amount of goodwill and Note 2 discloses the key judgement and assumptions involved in testing cash generating unit for which goodwill is allocated to.</p> <p>This was determined to be a key audit matter as the determination of the 'value in use' of the cash generating unit and whether or not an impairment charge is necessary, involved judgements and</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> • Analysing management's key assumptions used in the discounted cash flow model against historical performance, external data, market consensus information and trends to determine their reasonableness; • Challenging the appropriateness of management's discount rates used in the

assumptions by the group on operating performance including estimates of growth rates and discount rates.

discounted cash flow model in conjunction with our internal valuation experts;

- Checking the mathematical accuracy of the discounted cash flow model;
- Performing sensitivity analysis on significant assumptions to determine if there would be a significant change to the carrying value of the cash generating unit; and
- Assessing the appropriateness of the related disclosures in Note 2, Note 13 and Note 14 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 2023, 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 the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material 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 5 to 13 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Dynamic Group Holdings Limited, for the year ended 30 June 2023, 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 (WA) Pty Ltd

BDO


Dean Just
Director

Perth

28 August 2023

Dynamic Group Holdings Limited
Shareholder information
30 June 2023

The shareholder information set out below was applicable as at 24 August 2023.

Distribution of equitable securities

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

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	23	0.01	-	-
1,001 to 5,000	98	0.19	-	-
5,001 to 10,000	58	0.37	-	-
10,001 to 100,000	196	6.08	3	4.01
100,001 and over	83	93.35	6	95.99
	458	100.00	9	100.00
Holding less than a marketable parcel	58	0.04	-	-

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	% of total Shares issued
	Number held	
JOEL FRANCIS MCKENNA SKIPWORTH THE TIGERDRILL A/C	16,250,000	11.76
DAVID MATTHEW KINNERSLEY THE MILLIGAN A/C	16,250,000	11.76
TEMOREX PTY LTD NITRAM FAMILY A/C	16,250,000	11.76
VALENTINO HOLDING PTY LTD ENRICA FAMILY A/C	12,698,801	9.19
JEZAC PTY LTD THE MJAC SIVD A/C	9,614,553	6.96
RANGEHILL HOLDINGS PTY LTD CALYPSO FAMILY A/C	9,614,553	6.96
TEMBA PITTS INVESTMENTS PTY LTD TEMBA PITTS A/C	5,416,667	3.92
GOLDFIRE ENTERPRISES PTY LTD	4,444,444	3.22
PETER DAVID CHEGWIDDEN THE CHEGG'S FAMILY A/C	3,012,444	2.18
BAHEN BROS PTY LTD	2,778,053	2.01
GANAN CAPITAL PTY LTD	2,470,811	1.79
MR MARK JOHN BAHEN & MRS MARGARET PATRICIA BAHEN SUPERANNUATION ACCOUNT	1,740,740	1.26
JHAC PTY LTD	1,388,614	1.00
HAMMERHEAD HOLDINGS PTY LTD HHH S/F A/C	1,259,977	0.91
OCEAN VIEW WA PTY LTD DANEIL WISE SUPERFUND A/C	1,165,000	0.84
BT PORTFOLIO SERVICES CRANSTON S/F A/C	1,101,112	0.80
MICKWEND PTY LTD TURNER FAMILY A/C	1,083,334	0.78
MR MUHAMMAD PATEL	850,000	0.61
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED A/C 2	809,332	0.59
JOMALCO PTY LTD	800,000	0.58
	108,998,435	78.88

Unquoted equity securities

There are no unquoted equity securities.

	Number on issue
UNL OPT @ \$0.74 EXP 10/12/2023	375,000
UNL OPT @ \$0.72 EXP 10/11/2027	423,500
UNL OPT @ \$0.82 EXP 10/12/2024	562,500
UNL OPTS @ \$0.25 EXP 30/07/2023	750,000
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	423,500
ESIP - PERFORMANCE RIGHTS	3,992,220
PERFORMANCE RIGHTS	120,000
PERFORMANCE RIGHTS - CLASS A	53,865
PERFORMANCE RIGHTS - CLASS B	53,865
PERFORMANCE RIGHTS - CLASS C	53,865
PERFORMANCE RIGHTS - CLASS D	53,865

The following persons hold 20% or more of unquoted equity securities:

Holder	Unlisted Options	Unlisted Performance Rights
JEZAC PTY LTD THE MJAC SIVD A/C	2,987,280	-
RANGEHILL HOLDINGS PTY LTD CALYPSO FAMILY A/C	2,849,780	-
JHAC PTY LTD		215,460
PREVOST & CO PTY LTD		120,000

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares % of total shares issued
Number held	Number held
Rob Martin, Goldfire Enterprises, Temorex	21,471,372
Joel Francis McKenna Skipworth	16,250,000
David Matthew Kinnersley	16,250,000
Laurence Cowley Freedman, Valentino Holdings Pty Ltd ATF the Enrica Family Trust, Ganan Capital Pty Ltd	15,452,814
Mark Davis, Jezac Pty Ltd ATF MJAC SIVAD Family Trust	9,614,553
Matthew Freedman, Rangehill Holdings Pty Ltd ATF the Calypso Family Trust	9,614,553

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.

Dynamic Group Holdings Limited
Shareholder information
30 June 2023

ASX listing Rule 4.10.19

The Company confirms that it expects to utilise the funds raised under its prospectus in accordance with the use of funds statement and the key business objectives underlying the expected use of funds remain intact.

Unmarketable Parcels

Holdings of less than a marketable parcel of ordinary shares:

Holders: 58

Units: 61,710

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