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Gadens Lawyers
ABN 29 991 935 627

5 February 2025

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Melbourne VIC 3000
Australia

Market Announcements Office
ASX Limited
Exchange Centre, 20 Bridge Street
SYDNEY NSW 2000

GPO Box 48
Melbourne VIC 3001

By **online lodgement**

DX 304 Melbourne

Dear Sir/Madam

T +61 3 9252 2555
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gadens.com

Offer to buy-out convertible securities in Dynamic Group Holdings Limited

We act for Australian Meat Industry Superannuation Pty Ltd ACN 002 981 919 as trustee for the Australian Meat Industry Superannuation Trust ABN 28 342 064 803 trading as Australian Food Super (**AFS**).

We refer to AFS' on-market takeover bid for all of the ordinary shares in Dynamic Group Holdings Limited (ASX:DDB) (**DDB**) made pursuant to the bidder's statement dated 26 July 2024 (as amended and replaced by the first supplementary bidder's statement and replacement bidder's statement dated 8 August 2024, and amended and supplemented by the second supplementary bidder's statement dated 16 August 2024) (**Offer**).

The Offer closed at 4.00pm (Melbourne time) on 9 September 2024. As at the date of this letter, AFS has a relevant interest of 98.979% in DDB. In accordance with section 663A of the *Corporations Act 2001* (Cth) (**Act**), AFS will now commence a compulsory buy-out of the outstanding convertible securities in DDB.

On behalf of AFS, we enclose:

- (a) by way of service pursuant to section 663B(1)(d) of the Corporations Act, an ASIC Form 6023 (Notice of right of buy out to remaining holder of convertible securities following takeover bid) lodged with ASIC today and which will be dispatched to Mr Joel Skipworth, being the only holder of convertible securities in DDB as at today's date; and
- (b) an expert report prepared by RSM Corporate Australia Pty Ltd dated February 2025 pursuant to section 667A of the Act.

Yours faithfully



Michael Kenny
Partner

Enc

ASIC registered agent number	1781		
lodging party or agent name	Gadens Lawyers		
office, level, building name or PO Box no.	Level 13, Collins Arch		
street number and name	447 Collins St		
suburb / city	Melbourne	state/territory	VIC
		postcode	3000
telephone	()		
facsimile	()		
DX number	suburb / city		

	ASS.	<input type="checkbox"/>	REQ-A	<input type="checkbox"/>
	CASH.	<input type="checkbox"/>	REQ-P	<input type="checkbox"/>
	PROC.	<input type="checkbox"/>		<input type="checkbox"/>

Notice of
right of buy out to holders of convertible securities following a takeover bid

form **6023**
 Corporations Act 2001
 663B(1)(a)


To Joel Skipworth of 32 Lilian Road, Maida Vale, Western Australia 6057 (1)

Securities of Dynamic Group Holdings Limited ACN 640 888 213 (ASX:DDB) (2) ("the Company").

- Under an ~~*Off-Market-Bid~~ / Market Bid offers were made by Australian Meat Industry Superannuation Pty Ltd ACN 002 981 919 as trustee for the Australian Meat Industry Superannuation Trust trading as Australian Food Super in respect of the acquisition of fully paid ordinary shares in the Company. (3)
- You are the holder of securities that are convertible into securities in the bid class.
- The bidder hereby gives you notice under subsection 663B(1) of the Corporations Act 2001 ("the Act") that the bidder and their associates have relevant interests in at least 90% of the securities (by number) in the bid class.
- Under subsection 663C(1) of the Act, within one month after this notice is given, you, (or anyone who acquires the securities after the day on which this notice is given) as the holder of securities that are convertible into bid class securities, may give the bidder a notice requiring the bidder to acquire your convertible securities.
- If you serve a notice on the bidder under subsection 663C(1), the acquisition will be effected on such terms as are agreed, or as are ordered by the Court on your application.
- The details of the consideration for which, and the other terms on which the bidder is now prepared to acquire the convertible securities are set out in the offer letter to Joel Skipworth dated 5 February 2025 (5).

Signature

print name Se Tao (Jen) Grummitt capacity Company Secretary

sign here  date 05 / 02 / 2025

DIRECTIONS

- * Delete whichever does not apply.
- (1) Name and address of holder.
 - (2) Name of target company.
 - (3) Name of the bidder.
 - (4) Insert description of class of securities to which the bid related.
 - (5) Insert the consideration and other terms on which the holder may be bought out.



Mail: Locked Bag 5390 Parramatta NSW 2124
Phone: 1800 808 614
Email: service@ausfoodsuper.com.au

5 February 2025

Mr Joel Skipworth
32 Lilian Road
MAIDA VALE WA 6057

Dear Joel,

Offer to buy out remaining DDB options

As you are aware, Australian Meat Industry Superannuation Pty Ltd ACN 002 981 919 as trustee for the Australian Meat Industry Superannuation Trust ABN 28 342 064 803 trading as Australian Food Super (**AFS**) made an on-market takeover offer (**Offer**) to acquire all of the ordinary shares in Dynamic Group Holdings Limited (**DDB**).

The Offer closed at 4.00pm (Melbourne time) on 9 September 2024. As at the date of this letter, AFS has a relevant interest of 98.979% in DDB. AFS is now required to offer to buy out the remaining convertible securities on issue in DDB pursuant to section 663A(1) of the *Corporations Act 2001* (Cth) (**Act**). We note that you are the only person who holds remaining convertible securities in DDB because all of the other holders have left the business.

AFS is offering to acquire your DDB options below for an aggregate offer price of \$2,948 (**Offer Price**):

Options	Number
DDBAL: Ex \$0.69 Exp 25/11/2025	90,000
DDBAM: Ex \$0.77 Exp 25/11/2026	90,000
DDBAO: Ex \$0.64 Exp 10/11/2026	95,000
DDBAP: Ex \$0.72 Exp 10/11/2027	95,000

We **enclose** with this letter the following documents for your reference:

- an ASIC Form 6023 (Notice of right of buy out to remaining holder of convertible securities following a takeover bid) that has been lodged with ASIC today;
- a copy of an expert report prepared by RSM Australia Pty Ltd dated December 2024 (**Expert Report**); and

Trustee: Australian Meat Industry Superannuation Pty Ltd
ABN: 25 002 981 919
AFSL: 238829
RSE Licence: L0000895

Member Hotline
1800 808 614

SFN: 268997940
SPIN: AM10100AU
FUND ABN: 28 342 064 803
RSER: R1001778
AFS 15.4 10/23 ISS17



- (c) an acceptance notice accepting the offer to buy out on the terms outlined and requiring AFS to acquire your DDB convertible securities (**Acceptance Notice**).

We encourage you to accept the offer to buy out your DDB options. In accordance with the Expert Report, the offer price stated in this letter is within the range of the assessed fair values of the options.

You may accept the offer to buy out your DDB options by completing and returning the Acceptance Notice to AFS by one month after date of notice to registry@ausfoodsuper.com.au.

If you have any questions about this letter or the enclosed Notice, you should call the AFS Offer Information Line on 1800 517 210 between 9.00am to 5.00pm on Business Days, or contact your legal, financial or other professional adviser.

Unless the context requires otherwise, terms in this letter have the same meaning as that in AFS' replacement bidder's statement dated 8 August 2024 (as supplemented).

Yours sincerely

A handwritten signature in black ink, appearing to be "Se Tao (Jen) Grummitt". The signature is stylized and fluid, with a long horizontal stroke at the end.

Se Tao (Jen) Grummitt
Company Secretary
Australian Meat Industry Superannuation Pty Ltd as trustee for the
Australian Meat Industry Superannuation Trust

Australian Meat Industry Superannuation Pty Ltd

Financial Services Guide and
Independent Expert's Report

February 2025



FINANCIAL SERVICES GUIDE

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 (“RSM Corporate Australia Pty Ltd” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination. If a complaint is received in advance of a shareholder meeting or other key date where shareholders or investors may be making decisions which are influenced by our report, we will make all reasonable efforts to respond to complaints prior to that date.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("AFCA"). AFCA is an independent dispute resolution scheme that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au. You may contact AFCA directly by email, telephone or in writing at the address set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll Free: 1800 931 678
Email: info@afca.org.au

Time limits may apply to make a complaint to AFCA, so you should act promptly or consult the AFCA website to determine if or when the time limit relevant to your circumstances expires.

Contact details

You may contact us using the details set out at the top of our letterhead on page 4 of this report.

3 February 2025

The Directors
Australian Meat Industry Superannuation Pty Ltd
as trustee for the Australian Meat Industry Superannuation Trust
C/o Gadens
Parramatta Square Level 22, Tower 6
10 Darcy Place
Parramatta NSW 2150

Dear Directors,

INDEPENDENT EXPERT'S REPORT

Introduction

This Independent Expert's Report (the "Report" or "IER") has been prepared for Australian Meat Industry Superannuation Pty Ltd as trustee for the Australian Meat Industry Superannuation Trust ("AFS", or the "Company") in relation to the proposed transaction detailed below.

Purpose of the Report

On 26 July 2024, AFS commenced an on-market takeover bid for all of the fully paid ordinary shares in Dynamic Group Holdings Limited ("DDB") not owned or controlled by AFS or its associates, at an offer price of \$0.28 per DDB share ("Takeover Bid"). At the end of the offer period under the Takeover Bid on 9 September 2024, AFS acquired an interest and voting power in 98.979% of DDB.

Section 663A of the *Corporations Act 2001 (Cth)* (Corporations Act) requires a bidder, who with their associates, have at least 90% of the bid class securities after the bid, to offer to buy out the holders of securities that are convertible into bid class securities. As the Company has acquired more than 90% of the ordinary shares in DDB, it is required to make an offer to buy-out any convertible securities issued by DDB in accordance with the procedural requirements set out in the Corporations Act ("the Proposed Transaction").

DDB has identified that all convertible securities have either been converted to ordinary shares or forfeited, other than the following share options held by Mr Joel Skipworth (former Executive Director of DDB):

- 90,000 options exercisable at \$0.69 and expires on 25 November 2025 (DDBAL);
- 90,000 options exercisable at \$0.77 and expires on 25 November 2026 (DDBAM);
- 95,000 options exercisable at \$0.64 and expires on 10 November 2026 (DDBAO); and
- 95,000 options exercisable at \$0.72 and expires on 10 November 2027 (DDBAP) (together "the Options").

During the takeover bid period the former Directors of DDB passed a resolution resolving that all vesting conditions applicable to all remaining convertible securities be waived. As such, all of Mr Skipworth's Options vested on 12 August 2024 and are currently exercisable.

We understand that AFS is proposing to make an offer of \$2,948 to Mr Skipworth to buy-out the Options in accordance with section 663A of the Corporations Act. This involves, among other things, issuing a buy-out notice to Mr Skipworth under section 663B of the Corporations Act ("Buy-Out Notice") and including an independent expert's report with the Buy-Out Notice under section 667A of the Corporations Act.

The Directors of the Company have requested that RSM Corporate Australia Pty Ltd ("RSM"), being independent and qualified for the purpose, express an opinion on:

- a) whether the terms proposed in the Buy-Out Notice give a fair value for the Options; and
- b) set out the reasons for forming that opinion.

RSM regularly prepares IERs for transactions requiring an independent opinion for shareholders under Corporations Act and ASX Listing Rules requirements.

Summary of opinion

In our opinion, the assessed fair value of the Options is as follows:

Options	DDBAL	DDBAM	DDBAO	DDBAP	Total
Number	90,000	90,000	95,000	95,000	
Fair Value per Option before discount					
Min	\$0.0124	\$0.0091	\$0.0152	\$0.0110	
Max	\$0.0209	\$0.0166	\$0.0244	\$0.0192	
Mid	\$0.0165	\$0.0126	\$0.0196	\$0.0149	
Less: Discount for lack of marketability					
Min	\$(0.0062)	\$(0.0046)	\$(0.0076)	\$(0.0055)	
Max	\$(0.0105)	\$(0.0083)	\$(0.0122)	\$(0.0096)	
Mid	\$(0.0083)	\$(0.0063)	\$(0.0098)	\$(0.0075)	
Fair Value per Option after discount					
Min	\$0.0062	\$0.0046	\$0.0076	\$0.0055	
Max	\$0.0105	\$0.0083	\$0.0122	\$0.0096	
Mid	\$0.0083	\$0.0063	\$0.0098	\$0.0075	
Total Value of Options					
Min	\$558	\$410	\$722	\$523	\$2,212
Max	\$941	\$747	\$1,159	\$912	\$3,759
Mid	\$743	\$567	\$931	\$708	\$2,948

Source: RSM analysis

We have determined the value of the Options to be within the range \$2,212 to \$3,759, with a midpoint of \$2,948.

The \$2,948 proposed in the Buy-Out Notice for the Options is within the range of fair values we have determined for the Options.

General

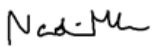
This Report represents general financial product advice only and has been prepared without taking into consideration the individual circumstances of the Options holder.

The ultimate decision whether to accept the Proposed Transaction should be based on the Options holder's assessment of their circumstances. If the Options holder is in doubt as to the action he should take with regard to the Proposed Transaction and/or the matters dealt with in this Report, he should seek independent professional advice.

This summary should be considered in conjunction with the detail contained in the following sections of this Report.

Yours faithfully,

RSM CORPORATE AUSTRALIA PTY LTD



Nadine Marke
Director – Corporate Finance



Justin Audcent
Director – Corporate Finance

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1. Terms of the Options

1.1 Overview

The original stated terms of the Options are summarised as follows:

Options	DDBAL	DDBAM	DDBAO	DDBAP
Number	90,000	90,000	95,000	95,000
Valuation Date	9-Sep-24	9-Sep-24	9-Sep-24	9-Sep-24
Exercise Price	\$0.690	\$0.770	\$0.640	\$0.720
Vesting Date	9-Sep-24	9-Sep-24	9-Sep-24	9-Sep-24
Expiry Date	25-Nov-25	25-Nov-25	10-Nov-26	10-Nov-27

Each Option entitles the Option holder to subscribe for one fully paid ordinary share in DDB. All shares issued upon the exercise of Options will rank equally in respects with the issued shares.

The Options are exercisable at any time up until their expiry date and will not be transferable. The Options are not listed on any stock exchange.

The vesting conditions attached to the Options were resolved by the former Directors of DDB to be waived prior to the Completion of the Takeover Bid, and there are no outstanding vesting conditions which must be met prior to exercising the Options.

2. Basis of Assessment

2.2 Section 667C of the Corporations Act

Section 667C(1) of the Corporations Act sets out the steps for determining the “fair value” of securities, as follows:

- “(a) first, assess the value of the company as a whole; and*
- (b) then allocate that value among the classes of issued securities in the company (taking into account the relative financial risk, and voting and distribution rights, of the classes); and*
- (c) then allocate the value of each class pro rata among the securities in that class (without allowing a premium or applying a discount for particular securities in that class).”*

Additionally, Section 667C(2) of the Corporations Act states that:

“Without limiting subsection (1), in determining what is fair value for securities for the purposes of this Chapter, the consideration (if any) paid for securities in that class within the previous six months must be taken into account.”

2.3 Fair Value

“Fair value” is not defined in the Corporations Act. However, the weight of judicial authority is that an expert should not reflect:

- (a) “special value” that might accrue to an acquirer; or
- (b) any premium for forcible divestment.

Consequently, we have valued the Options by reference to the standard definition of value which is “fair market value”.

Fair market value is normally defined as the price which would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.

2.4 The value of DDB as a whole

Australian Securities and Investments Commission (ASIC) Regulatory Guide 111 - *Content of expert reports* (RG 111) outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- (a) the discounted cash flow (DCF) methodology;
- (b) the application of earnings multiples appropriate to the businesses or industries in which the company or its profit centres' are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets;
- (c) the amount that would be available for distribution to shareholders in an orderly realisation of assets;
- (d) the quoted price of listed securities, when there is a liquid and active market and allowing for the fact that the quoted market price may not reflect their value on a 100% controlling interest basis; and
- (e) any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Based on the Takeover Bid offer consideration for DDB, the value of DDB as a whole is as follows:

Number of shares on issue	143,148,254
Offer Price	\$0.2800
Value of DDB	\$40,081,511

In our opinion the Offer consideration of \$0.28 per share is the best indicator of the full underlying value of the shares in DDB on a controlling interest basis because the Offer was successful and resulted in the Company increasing its interest in DDB to 98.979% (enabling it to proceed with compulsory acquisition of the remaining shares).

2.5 Allocation of value amongst the security classes

The Options do not convey an ownership interest in DDB until exercised, and the Options are not "in-the-money" (in that they cannot yet be exercised at a profit because the exercise price is greater than the current share value). We understand that other than the Options held by Mr Joel Skipworth, all other convertible securities have either been converted into ordinary shares in DDB or forfeited as a result of the resignation of the relevant holder of the convertible securities. In our opinion, the value of DDB should therefore be apportioned to the issued ordinary shares.

2.6 Option valuation methodology

The Options are a derivative security in that their value is derived based on the value of DDB's shares and other factors (discussed in Section 3). Accordingly, the Options must be valued using widely used option pricing models rather than by apportioning the total value of DDB as a whole.

3. Valuation of Options

3.1 Methodology

There are a number of generally accepted valuation methodologies available which incorporate all factors and assumptions that a knowledgeable and willing market participant would consider in valuing the options.

In determining a valuation for the Options, we have used and tailored models developed by Hoadley Trading & Investment Tools (“Hoadley”). Further information on Hoadley’s employee option valuation models can be found at www.hoadley.net.

We understand vesting conditions attached to the Options were resolved by the former Directors of DDB to be waived prior to the Completion of the Takeover Bid, and there are no outstanding vesting conditions which must be met prior to exercising the Options. Therefore, we have determined that a trinomial lattice model to be the most appropriate valuation model.

The model values the Options using the following inputs:

Options	DDBAL	DDBAM	DDBAO	DDBAP
Number	90,000	90,000	95,000	95,000
Valuation Date	9-Sep-24	9-Sep-24	9-Sep-24	9-Sep-24
Spot Price	\$0.280	\$0.280	\$0.280	\$0.280
Exercise Price	\$0.690	\$0.770	\$0.640	\$0.720
Vesting Date	9-Sep-24	9-Sep-24	9-Sep-24	9-Sep-24
Expiry Date	25-Nov-25	25-Nov-25	10-Nov-26	10-Nov-27
Expected Future Volatility (midpoint)	65%	65%	65%	65%
Risk Free Rate	3.62%	3.62%	3.62%	3.62%
Early Exercise Multiple	2.5x	2.5x	2.5x	2.5x
Dividend Yield	Nil	Nil	Nil	Nil

We comment below each of the inputs used in the Option’s valuation.

3.2 The current market value of the underlying asset

The underlying asset of the Options is un-issued DDB shares. This is because, for every Option exercised, the holder will receive one fully paid ordinary share in DDB.

For the purposes of this report, we have adopted a value for DDB shares equal to the Takeover Bid offer price of \$0.28 per share. While the Offer price represents a controlling interest value (whereas the Options are exercisable over a minority interest in the company), in our opinion, it is appropriate to adopt the controlling interest value in our option valuation calculations as it is likely that the Company would offer full underlying value for any shares issued upon exercise of the Options in order to achieve 100% control.

3.3 The exercise prices and expiry dates

The exercise prices and expiry dates of the Options are consistent with the DDB Employee Securities Incentive Plan. Refer to Section 1.1 for the exercise prices and expiry dates for each of the respective Options.

3.4 The risk-free interest rate

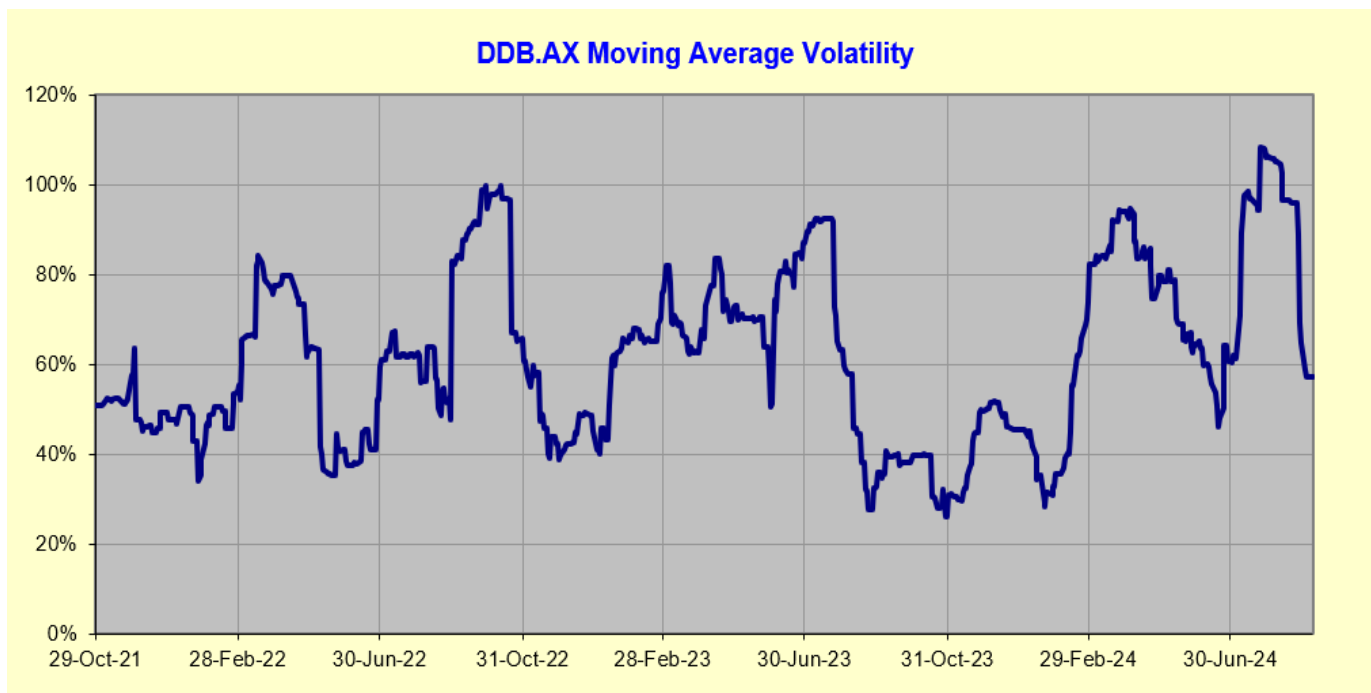
The risk-free rate used to value an option is generally defined to be the interest rate on government bonds of a maturity equivalent to the term of the option. This rate is used to take into account the fact that a call option holder will not have to pay the exercise price until the call option (being the right, but not the obligation to buy an asset at a specified price) is exercised, and the fact that the present value of the exercise price is therefore less than the exercise price due to the time value of money. Instead, the call option holder can invest the cash which he would otherwise need to exercise the option “risk-free” until expiry or exercise of the option.

For the purposes of our valuation, we have adopted the risk-free rate of 3.62% per annum being the two-year Commonwealth government bond yield rate on 9 September 2024, whose maturity date provides the closest approximation to the expiry date of the option being valued. The interest rate has been sourced from the Reserve Bank of Australia’s website: www.rba.gov.au.

3.5 Volatility

Volatility is a measure of the degree of fluctuation in the value / price of the underlying asset. The volatility is measured as the standard deviation of the underlying asset’s returns. The more volatile the underlying asset’s returns (i.e. the more the asset’s returns fluctuate) the higher the value of the option. This is because the more volatile the underlying asset’s returns, the greater the value associated with the outcomes where the option is in the money, i.e. share price exceeds exercise price at expiry.

To estimate the future volatility of a share, its historical volatility is often used as a guide to the future volatility over the term of the option. This approach is used as it is often not possible to measure future volatility. However, volatility measured on an historical basis will not necessarily reflect future volatility due to the uncertainties and unpredictability of the market.



Source: Hoadley Volatility Calculator – DDB.AX Moving Average Volatility from 9 Sep 2021 to 9 Sep 2024

The graph above outlines 3-year the historical annual moving average volatility of DDB (DDB.AX) from 9 September 2021 to 9 September 2024 which ranges between approximately 25% to 110%.

The average historical volatilities over varying periods are summarised below:

Period	Average Volatility
3-year	63.30%
2-year	64.60%
1-year	65.30%
Weighted Average	64.07%

Additionally, we have identified ASX listed comparable companies in the mine drill and blast services industry and observed their historical volatility rates and correlation betas to DDB for the period 9 September 2021 to 9 September 2024. Detailed business descriptions of the company can be found in Appendix D. Their volatilities, correlation betas and market capitalisation are summarised below:

Ticker	Company Name	Volatility	Beta	Market capitalisation (A\$m)
ASX:DDB	Dynamic Group Holdings Limited	63.3%	n/a	\$40.08
ASX:AJL	AJ Lucas Group Limited	113.6%	0.61	\$12.38
ASX:MAH	Macmahon Holdings Limited	52.1%	0.85	\$686.24
ASX:MSV	Mitchell Services Limited	46.8%	0.36	\$76.91
ASX:PRN	Perenti Limited	43.0%	1.04	\$910.66
ASX:SRG	SRG Global Limited	32.7%	0.59	\$608.61
Average		58.6%		

A correlation coefficient is measured between -1 and 1. A factor of 1 means the two instruments are perfectly correlated, meaning if one instrument moves the other will move in an equal proportion in the same direction. A factor of -1 means that the two instruments are perfectly inversely correlated and if one instrument moves in a direction the other instrument will move the opposite direction in the same proportion. A factor of 0 indicates that the two instruments have no correlation.

The comparable companies have 3-year volatilities ranging from 32.7% to 113.6%. DDB's 3-year volatility of 63.3% is within this range and close to the average volatility of 58.6% across the identified comparable companies. It can be observed that companies with a larger market capitalisation have lower volatilities as these companies have higher trading volumes and more liquidity.

Having the regard to all of the above, we have adopted an expected future volatility rate of 60% to 70%.

3.6 Dividends

DDB has no dividend history and no announced upcoming dividend dates. In our view, it is highly unlikely that DDB would pay a dividend on its ordinary shares prior to the expiry date of the Options. We have therefore assumed that no dividend will be paid by DDB before the expiry date of the Options.

3.7 Discount for lack of marketability

The trinomial lattice option pricing models assume that there are no restrictions on the transferability or negotiability of options.

The Options are not transferable. As a result, the holder will have to exercise the Options in order to realise any value from them. However, the value of DDB shares would need to increase to more than the exercise price before the Options would be worth exercising.

Additionally, even if the Options were to be exercised, there would be no liquid market for the holder to realise any value from the underlying asset, with AFS being the current majority shareholder with a significant 98.98% interest in DDB and therefore the likely only buyer.

Consequently, in our opinion, it is appropriate to apply a significant discount to reflect the Options' lack of marketability and the inability of the holder to participate in voting or dividends rights of DDB until the Options are exercised. Having regard to the empirical evidence in the US and Australia on discounts for lack of marketability, the term of the Options and the increase in share price required before the Options would be worth exercising, we have applied a discount for lack of marketability of 50%.

3.9 Early Exercise Multiple

Expected early exercise is factored into the valuation of the Options by our application of the trinomial model (i.e. valuation of the right as an American style option – where early exercise is permitted). The model incorporates an exercise factor, which determines the conditions under which an option holder is expected to exercise their options. It is defined as a multiple of the exercise price (e.g. 2.5 would mean that on average employees tend to exercise their options when the stock price reaches 2.5 times the exercise price). This is considered more reliable than trying to guess the average time to exercise. For example, trying to estimate an average time after which employees exercise is likely to be inaccurate as during periods when the market is high employees are more likely to exercise early as opposed to times when the market is low. Using an exercise multiple, which is based on a robust theory of stock price behaviour /distribution overcomes these problems. We have assumed that the exercise factor for these rights is 2.5. There have been a number of historical studies that indicate that option holders early exercise options generally at between 2 to 3 times the exercise price, with the higher multiples generally attributable to more senior employees within the company.

3.10 Valuation

The assessed values for each tranche of Options are summarised as follows:

Options	DDBAL	DDBAM	DDBAO	DDBAP	Total
Number	90,000	90,000	95,000	95,000	
Fair Value per Option before discount					
Min	\$0.0124	\$0.0091	\$0.0152	\$0.0110	
Max	\$0.0209	\$0.0166	\$0.0244	\$0.0192	
Mid	\$0.0165	\$0.0126	\$0.0196	\$0.0149	
Less: Discount for lack of marketability					
Min	\$(0.0062)	\$(0.0046)	\$(0.0076)	\$(0.0055)	
Max	\$(0.0105)	\$(0.0083)	\$(0.0122)	\$(0.0096)	
Mid	\$(0.0083)	\$(0.0063)	\$(0.0098)	\$(0.0075)	
Fair Value per Option after discount					
Min	\$0.0062	\$0.0046	\$0.0076	\$0.0055	
Max	\$0.0105	\$0.0083	\$0.0122	\$0.0096	
Mid	\$0.0083	\$0.0063	\$0.0098	\$0.0075	
Total Value of Options					
Min	\$558	\$410	\$722	\$523	\$2,212
Max	\$941	\$747	\$1,159	\$912	\$3,759
Mid	\$743	\$567	\$931	\$708	\$2,948

APPENDICES

A. Declarations and Disclaimers

Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which it is licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 “Valuation Services” issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Nadine Marke and Justin Audcent are directors of RSM Corporate Australia Pty Ltd. Both Nadine and Justin are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert’s reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting Shareholders of the Company in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Company and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Nadine Marke, Justin Audcent, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM has any interest in the outcome of the Proposed Transaction, except that RSM Corporate Australia Pty Ltd is expected to receive a fee of approximately \$15,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether the Proposed Transaction is successful, or otherwise.

Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Buy-Out Notice. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd or has been involved in the preparation of the Buy-Out Notice; accordingly, we take no responsibility for the content of the Buy-Out Notice.

B. Sources of Information

In preparing this Report we have relied upon the following principal sources of information:

- Independent Expert Briefing Paper by Gadens to RSM
- Options Invitation Letter to Mr Joel Skipworth
- Draft Buy-Out Notice to Mr Joel Skipworth
- Correspondence with Gadens
- ASX announcements of Dynamic Group Holdings Limited
- S&P Capital IQ database
- ASIC Regulatory Guide 111 Content of Expert Reports

C. Glossary of Terms

Term or Abbreviation	Definition
\$	Australian dollar
Corporations Act	Corporations Act 2001 (Cth)
AFCA	Australian Financial Complaints Authority
APES	Accounting Professional & Ethical Standards Board
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX as amended from time to time
Buy-Out Notice	Buy-out notice issued by the Company to former executive director Mr Joel Skipworth to acquire all Options
Company or AFS	Australian Meat Industry Superannuation Pty Ltd as trustee for the Australian Meat Industry Superannuation Trust
Directors	Directors of the Company
DDB	Dynamic Group Holdings Limited
Fair Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FSG	Financial Services Guide
Hoadley	Tailored valuation models developed by Hoadley Trading & Investment Tools
IER	This Independent Expert Report
Options Holder	Holder of the Options issued, Mr Joel Skipworth
Option or Options	Unlisted options issued to former executive director Mr Joel Skipworth. Refer to Section 1.1 for the summarised terms
Proposed Transaction	The Company's offer to buy-out any convertible securities issued by DDB
Report	This Independent Expert's Report prepared by RSM dated 3 February 2025
RG 111	ASIC Regulatory Guide 111 Content of Expert Reports
RSM	RSM Corporate Australia Pty Ltd
S&P Capital IQ	An entity of Standard and Poors which is a third party provider of company and other financial information
Shares	Ordinary fully paid shares in the capital of the Company
Shareholder	A holder of a Share(s) in the Company
Takeover Bid	On-market takeover bid for all of the fully paid ordinary shares in DDB not owned or controlled by AFS or its associates, at an offer price of \$0.28 per DDB share

D. Description of Comparable Companies

Ticker	Company Name	Business Description
ASX:DDB	Dynamic Group Holdings Limited	Dynamic Group Holdings Limited provides drilling and blasting services for mining and construction sectors in Western Australia. It is involved in mine production, construction, and vibration sensitive drill and blast services; exploration and grade control drilling services; production supply and injection wells; deep artesian and geothermal wells; mine service holes; and pump test services. The company was formerly known as Dynamic Drill and Blast Holdings Limited. Dynamic Group Holdings Limited was incorporated in 2020 and is headquartered in Osborne Park, Australia. As of September 9, 2024, Dynamic Group Holdings Limited was taken private.
ASX:AJL	AJ Lucas Group Limited	AJ Lucas Group Limited, together with its subsidiaries, provides drilling services in Australia. The company operates in two segments, Drilling and Oil and Gas Operations. The Drilling segment provides integrated professional drilling services primarily for exploration and degasification of coal mines, which includes recovery and commercialization of coal seam gas and associated services. The Oil and Gas Operations segment engages in the exploration and development of unconventional and conventional hydrocarbons in the United Kingdom. The company also offers engineering services, including design of wells, drilling optimisation, and professional steering services, as well as specialised equipment for directional drilling programmes. It serves the energy, mining, and infrastructure sectors. The company was incorporated in 1993 and is headquartered in Brisbane, Australia. AJ Lucas Group Limited is a subsidiary of Kerogen Investments No. 1 (HK) Limited.
ASX:MAH	Macmahon Holdings Limited	Macmahon Holdings Limited provides surface mining, underground mining and mining support, and civil infrastructure services to mining companies in Australia and Southeast Asia. It operates in three segments: Surface Mining, Underground Mining, and International Mining. The company offers surface mining services, such as bulk and selective mining, mine planning and analysis, drill and blast, crushing and screening, fixed plant maintenance, water management, equipment operation and maintenance, and technology solutions; and underground mining services, including mine development and production, raise and production drilling, cable bolting, shotcreting, remote shaft lining, paste fill, and shaft sinking. It provides mining support services comprising topsoil and overburden stripping, bulk earthworks, road design and construction, mine infrastructure and services, and train loading facilities; water infrastructure, such as dams, creek diversions, flood levies, and drainage structures; revegetation, non-process infrastructure, and rehabilitation monitoring and maintenance; and engineering services, such as shaft lining and maintenance, shaft fit out, ore pass liners, winder refurbishment, emergency egress system, pump stations and rising mains, and site workshops and infrastructure, as well as conveying, crushing, and materials handling. In addition, the company offers advisory operational improvement services, which includes operator coaching and industry skills training, cultural change programs for employees, as well as advisory and assistance services with mine planning, maintenance, and employee engagement; and equipment maintenance and management support services. The company was incorporated in 1963 and is headquartered in Perth, Australia.
ASX:MSV	Mitchell Services Limited	Mitchell Services Limited, together with its subsidiaries, provides exploration, and mine site and geotechnical drilling services to the exploration, mining, and energy industries in Australia. The company's drilling services include greenfield exploration, project feasibility, mine site exploration and resource definition, development, and production. It also provides surface and underground drilling services. The company was formerly known as Drill Torque Limited and changed its name to Mitchell Services Limited in December 2013. The company was founded in 1969 and is headquartered in Seventeen Mile Rocks, Australia.
ASX:PRN	Perenti Limited	Perenti Limited operates as a mining services company worldwide. It operates through Contract Mining, Drilling Services, and Mining Services and Idoaba segments. The company offers underground and surface contract mining, drill and blast, in-pit grade control, exploration drilling, earthmoving, and machinery rebuilds services; and drilling services including specialized deep hole multi-intersectional directional diamond core drilling, underground diamond core drilling, drilling and blasting, and in-pit grade control services. It also provides mining support services, such as equipment hire, equipment parts and sales, equipment supply, logistics services, and technology driven products and services. The company was formerly known as Perenti Global Limited and changed its name to Perenti Limited in October 2022. Perenti Limited was incorporated in 1986 and is headquartered in Northbridge, Australia.

Ticker	Company Name	Business Description
ASX:SRG	SRG Global Limited	<p>SRG Global Limited, together with its subsidiaries, provides engineering-led maintenance and industrial services, and engineering and construction services in Australia, New Zealand, and internationally. It operates through Maintenance and Industrial Services; and Engineering and Construction segments. The Maintenance and Industrial segment supplies integrated services to customers in various sectors, including oil and gas, energy, infrastructure, offshore, mining, power generation, water treatment plants, commissioning, decommissioning, shutdowns, and civil works. This segment also offers ground solutions, including production drilling, ground and slope stabilization, and blasting services; and program management, asset monitoring and testing, asset maintenance and remediation, geotech, and engineered access services, as well as engineered products. Its Engineering and Construction segment supplies integrated products and services to customers involved in the construction of infrastructure, which includes bridges, dams, office towers, high rise apartments, shopping centres, hotels, car parks, recreational buildings, and hospitals. This segment also provides advisory and specialist design services; early contractor engagement; and engineered facades. In addition, the company offers Orbix, a mining production management software used to plan, track, report, and analyze the front end of mining production; HA1stack, an asset reliability and integrity software that provides a snapshot condition overview of site assets; drones for non-destructive testing; dam anchoring and monitoring; and AI modelling technology services. The company was formerly known as Structural Systems Limited and changed its name to SRG Global Limited in November 2014. SRG Global Limited was founded in 1961 and is headquartered in Subiaco, Australia.</p>

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