

DDH1 Holdings Pty Ltd

ABN 91 625 946 321

Half Year Financial Report

For the Half Year Ended 31 December 2020

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Directors' Report

The Directors of DDH1 Holdings Pty Ltd present their report on DDH1 Holdings Pty Ltd (the “**Company**”) and its subsidiaries (the “**Group**”) for the half year ended 31 December 2020.

Directors

The names of Directors of the Company at any time during, or since the end of the six month period are:

Name

Murray Gordon Pollock

Matthew George Thurston

(Resigned: 21 September 2020)

Richard Mark Bennett

(Resigned: 5 February 2021)

Jarrad Solomons

Byron Beath

Alan Broome

Directors of the Company have been in office since the start of the financial period to the date of this report unless otherwise stated.

Company Secretary

Ben MacKinnon

Principal Activities

The principal activities of the Group during the financial period were providing exploration and mine site drilling services to the exploration, mining, and energy industries, primarily in Australia. The Group is headquartered in Canning Vale, Western Australia.

No significant change in the nature of these activities occurred during this half year period.

Review of Operations

The World Health Organisation declared the outbreak of the novel coronavirus (COVID-19) as a pandemic in March 2020. This caused significant uncertainty around the breath and duration of business disruptions related to COVID-19, which resulted in significant volatility in Australian and international markets. Whilst the Company is not able to estimate the length of severity of this pandemic, it has not had a significant impact on the operations of the Group, as seen by the results, which were in line with the comparative period not impacted by COVID-19.

The profit of the Group for the half year period after providing for income tax amounted to \$13,405,846 (31 December 2019: \$13,514,360) for the half year period on revenue of \$141,489,786 (2019: \$130,355,359). The EBITDA of the Group was \$32,548,702 (2019: \$32,845,990).

The Group is in advanced plans to undertake an Initial Public Offering (‘IPO’) on the Australian Securities Exchange (‘ASX’) and DDH1 Limited has lodged its IPO prospectus (the “Prospectus”) with the ASX on 10 February 2021. The IPO is expected to take place on or around 9 March 2021.

Should the listing be successful, it is intended that DDH1 Limited (via its wholly owned subsidiary DDH1 Group Holdings Pty Ltd) will acquire 100% of the ordinary shares of the Company (which includes converting M Class and N Class shares into ordinary shares), with DDH1 Limited to be the listed company on the ASX.

Directors' Report (continued)

Review of Operations (continued)

As part of the Prospectus lodged by DDH1 Limited, information was provided in respect to the Proforma EBITDA of the Group for the financial year ending 30 June 2021. Accordingly, in the table below, Management and the Board have provided a reconciliation to show what the Proforma EBITDA of the Group would have been for the current half year, based on the Proforma adjustments detailed in the Prospectus.

Reconciliation of Group's results to Proforma EBITDA

Statutory Net Profit before Tax for 31 December 2020	19,447,401
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Add back:

Finance costs	1,609,101
Depreciation expense	10,413,625
Amortisation expense	1,078,575

Statutory EBITDA for 31 December 2020	32,548,702
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Add back costs incurred in the current period half year results, which were excluded from the Proforma EBITDA in the Prospectus, as they will not be ongoing:

Share based payment in respect to M Class Shares	644,851
Costs in relation to the IPO	990,088

Less costs not incurred in the current period half year results, which were Proforma adjusted in the Prospectus:

Long term incentive plan expense	(46,836)
Investor relations expense	(69,000)
Listing fee expense	(28,888)
Directors & Officers insurance expense	(149,750)
Additional Directors fees costs for the new Board	(79,160)

Proforma EBITDA for 31 December 2020	33,810,007
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Important Note:

The above information is not audited. The above information is non-IFRS information, and it has purely been provided to the users to identify what a Proforma EBITDA would have been for the six month period ended 31 December 2020, in connection with the Prospectus released to the market by DDH1 Limited on 10 February 2021. The add backs and Proforma adjustments in the table above are consistent with the treatment within the Prospectus in Section 4 with reference to the full year Proforma EBITDA. The Proforma adjustments above have been calculated on the same basis as those in the Prospectus but represent only a six month period of the adjustment, consistent with financial period contained within this report. A copy of the Prospectus is available on the DDH1 website at www.ddh1drilling.com.au. Refer to Section 4 of the Prospectus for further information.

Directors' Report (continued)

Significant Changes in the State of Affairs

There was no significant change in the state of affairs of the Group during the reporting period.

Dividends

No dividends have been declared this half year period (2019: nil).

Subsequent Events

The Group recognises that COVID-19 is a rapidly evolving situation. Whilst acknowledging the disruption to global commerce, the Group will continue to monitor any impacts that the pandemic may have on its operations.

The Group is in advanced plans to undertake an Initial Public Offering ('IPO') on the Australian Securities Exchange ('ASX') and lodged its IPO prospectus with the ASX on 10 February 2021. The IPO is expected to take place on or around 9 March 2021.

As part of the listing process, agreements have been signed to convert all M Class and N Class shares upon listing into ordinary shares of the Company. As a result of these agreements and should the listing be successful, there will be a modification to the share based payments arrangements, and any change in valuation will be reflected when the modification occurs.

Should the listing be successful, it is intended that DDH1 Limited (via its wholly owned subsidiary DDH1 Group Holdings Pty Ltd) will acquire 100% of the ordinary shares of the Company (which includes converting M Class and N Class shares into ordinary shares), with DDH1 Limited to be the listed company on the ASX.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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 on the following page.

This Directors' Report is signed in accordance with a resolution of the Board of Directors.



Director
Murray Pollock

Dated this 26th day of February 2021

The Board of Directors
DDH1 Holdings Pty Ltd
21 Baile Road
CANNING VALE WA 6155

26 February 2021

Dear Board Members

DDH1 Holdings Pty Ltd

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of DDH1 Holdings Pty Ltd.

As lead audit partner for the review of the financial report of DDH1 Holdings Pty Ltd for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Nicole Menezes
Partner
Chartered Accountants

**Condensed Consolidated Statement of
 Profit or Loss and Other Comprehensive Income
 For the half year ended 31 December 2020**

	Note	31 Dec 2020 \$	31 Dec 2019 \$
Revenue	4	141,489,786	130,355,359
Other income	4	2,026,429	1,258,507
Other gains and losses	4	(140,764)	397,308
Advertising expenses		(262,031)	(216,380)
Drilling consumables		(17,230,142)	(12,796,792)
Employee and contract labour expenses	5	(63,488,952)	(55,927,583)
Fuel and oil expenses		(3,593,843)	(4,173,782)
Freight and couriers		(2,132,748)	(1,711,686)
Insurance expenses		(1,219,549)	(1,304,404)
Legal and consultant expenses		(1,302,122)	(3,213,007)
Hire of plant		(4,215,444)	(3,839,638)
Rent expense		(303,299)	(352,417)
Service and repair expense		(10,973,855)	(9,157,693)
Travel expenses		(4,758,591)	(5,168,782)
Other expenses		(1,346,173)	(1,303,020)
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")		32,548,702	32,845,990
Depreciation expense		(10,418,063)	(9,762,646)
Amortisation expense		(1,074,137)	(1,301,836)
Earnings before Interest and Tax ("EBIT")		21,056,502	21,781,508
Interest income		-	31,604
Finance costs	5	(1,609,101)	(2,129,829)
Profit before tax		19,447,401	19,683,283
Income tax expense		(6,041,555)	(6,168,923)
Profit for the period		13,405,846	13,514,360
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the period		13,405,846	13,514,360
Profit attributable to owners of the parent		13,405,846	13,514,360
Total comprehensive income attributable to owners of the parent		13,405,846	13,514,360
Earnings per share:			
Basic (cents per share)		4.60	4.64
Diluted (cents per share)		4.39	4.43

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position
As at 31 December 2020

	Note	31 Dec 2020 \$	30 June 2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	36,090,037	37,580,769
Trade and other receivables		33,290,328	41,887,803
Inventories		25,210,077	23,621,065
Other current assets		1,678,746	728,734
TOTAL CURRENT ASSETS		96,269,188	103,818,371
NON-CURRENT ASSETS			
Financial assets		481,241	569,432
Intangible assets		31,839,698	32,898,889
Property, plant and equipment		120,709,605	107,220,400
Right of use lease assets		4,643,256	5,071,920
TOTAL NON-CURRENT ASSETS		157,673,800	145,760,641
TOTAL ASSETS		253,942,988	249,579,012
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		19,872,281	21,827,852
Lease liabilities	7	2,169,989	2,277,532
Borrowings	8	-	3,344,427
Current tax liabilities	16	618,146	5,277,042
Provisions		6,456,944	5,739,697
TOTAL CURRENT LIABILITIES		29,117,360	38,466,550
NON-CURRENT LIABILITIES			
Lease liabilities	7	5,024,054	6,189,289
Borrowings	8	58,977,523	58,104,752
Provisions		677,317	585,089
Deferred tax liabilities		10,835,648	10,972,943
TOTAL NON-CURRENT LIABILITIES		75,514,542	75,852,073
TOTAL LIABILITIES		104,631,902	114,318,623
NET ASSETS		149,311,086	135,260,389
EQUITY			
Issued capital	9	209,665,283	209,665,283
Group reorganisation reserve		(140,812,242)	(140,812,242)
Share based payment reserve	10	2,839,234	2,194,383
Retained earnings		77,618,811	64,212,965
TOTAL EQUITY		149,311,086	135,260,389

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity
For the half year ended 31 December 2020

	Note	Issued Capital \$	Group Reorganisation Reserve \$	Share Based Payment Reserve \$	Retained Earnings \$	Total Equity \$
Balance as at 1 July 2019		209,665,283	(140,812,242)	1,957,807	42,470,307	113,281,155
Profit for the period		-	-	-	13,514,360	13,514,360
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive income for the period		-	-	-	13,514,360	13,514,360
Share based payments expense	10	-	-	750,483	-	750,483
As at 31 December 2019		209,665,283	(140,812,242)	2,708,290	55,984,667	127,545,998
Balance as at 1 July 2020		209,665,283	(140,812,242)	2,194,383	64,212,965	135,260,389
Profit for the period		-	-	-	13,405,846	13,405,846
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive income for the period		-	-	-	13,405,846	13,405,846
Share based payments expense	10	-	-	644,851	-	644,851
As at 31 December 2020		209,665,283	(140,812,242)	2,839,234	77,618,811	149,311,086

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows
For the half year ended 31 December 2020

	Note	31 Dec 2020 \$	31 Dec 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		166,308,668	158,320,287
Payments to suppliers and employees		(127,553,341)	(120,852,822)
Finance costs paid		(1,609,101)	(1,968,099)
Interest received		-	31,604
Income tax paid	16	(11,300,401)	(6,150,079)
Net cash generated by operating activities		25,845,825	29,380,891
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of property, plant and equipment		222,012	882,050
Payments for property, plant and equipment		(23,809,237)	(15,413,438)
Payments for intangibles		(19,384)	(36,963)
Net cash used in investing activities		(23,606,609)	(14,568,351)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payments for lease liabilities		(1,258,291)	(435,187)
Repayment of borrowings		(2,471,657)	(4,318,353)
Net cash flows (used in) / generated by financing activities		(3,729,948)	(4,753,540)
Net (decrease) / increase in cash and cash equivalents		(1,490,732)	10,059,000
Cash and cash equivalents at beginning of the period		37,580,769	16,911,961
Cash and cash equivalents at the end of the period	6	36,090,037	26,970,961

The accompanying notes form part of these financial statements.

Notes to the Condensed Consolidated Financial Statements

1. General Information

This half year financial report covers DDH1 Holdings Pty Ltd (the “**Company**”) and its subsidiaries (the “**Group**”).

DDH1 Holdings Pty Ltd is a company limited by shares incorporated in Australia. The address of its registered office and principal place of business is 21 Baile Rd Canning Vale, Western Australia.

Summary of significant accounting policies

1.1 Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 ‘*Interim Financial Reporting*’. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 ‘*Interim Financial Reporting*’. The half year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual report.

1.2 Basis of preparation

These condensed consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless others noted.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Group’s annual financial report for the financial year ended 30 June 2020, except for the impact of the Standards and Interpretations described below. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

1.3 Standards and Interpretations adopted in the current half year period

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (“AASB”) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2020. These standards include:

- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia
- AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions

None of the new standards has had a material impact on the financial results of the business upon adoption.

Notes to the Condensed Consolidated Financial Statements (continued)

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty and judgement

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are consistent with the most recent annual report.

3. Segment information

Management has determined the operating segments based on the internal reports reviewed by the Board that are used to make strategic decisions. The Board assesses the performance of the operating segments based on revenue, EBIT, EBITDA and profit or loss before tax. The Group operates primarily within Australia, providing services wholly to a discrete industry segment (provision of drilling services to the mining industry). These geographic and operating segments are considered based on internal management reporting and the allocation of resources by the Group's chief decision makers (Board of Directors). On this basis, the financial results of the reportable operating and geographic segments are equivalent to the financial statements of the Group as a whole and no separate segment reporting is disclosed in these financial statements. Accordingly, there is only segment.

Notes to the Condensed Consolidated Financial Statements (continued)

4. Revenue

The following is an analysis of the Group's revenue for the year from continuing operations:

	Note	31 Dec 2020 \$	31 Dec 2019 \$
Revenue			
Revenue from the rendering of drilling services over time		141,489,786	130,355,359
Total revenue from continuing operations		141,489,786	130,355,359
Other income			
Diesel fuel rebate		1,040,425	1,087,374
Government training incentive		527,151	-
Other income		458,853	171,133
		2,026,429	1,258,507
Other gain and losses			
Net foreign exchange gains / (losses)		-	(3,748)
Net fair value gains / (losses) on financial assets		(42,191)	71,831
Gain / (loss) on disposal of property, plant and equipment		(98,573)	329,225
Other gain and losses from continuing operations		(140,764)	397,308

5. Expenses

Profit before income tax includes the following specific expenses:

Finance costs consists of:

Interest on syndicated loan		(1,349,521)	(1,826,475)
Interest on obligations under hire purchase liabilities		(76,963)	(67,555)
Interest on lease liabilities		(169,613)	(161,730)
Syndicated loan establishment fees		-	-
Other finance costs		(13,004)	(74,069)
Total finance costs		(1,609,101)	(2,129,829)

Employee and contract labour expense consists of:

Salary and wages including bonuses as well as sick, annual and long service leave		(50,881,123)	(44,253,781)
Superannuation expense		(3,665,696)	(3,507,679)
Share based payment	10	(644,851)	(750,483)
Other	(a)	(8,297,282)	(7,415,640)
Total		(63,488,952)	(55,927,583)

- (a) Other includes subcontractor, agency labour, recruitment, staff amenities, staff training, entertainment and other items.

Notes to the Condensed Consolidated Financial Statements (continued)

6. Cash and cash equivalents

	Note	31 Dec 2020 \$	30 June 2020 \$
Petty cash		1,635	1,174
Cash at bank		36,088,402	37,579,595
Net cash at bank		36,090,037	37,580,769

Cash at bank and in hand earns interest at floating rates based on daily bank rates.

Reconciliation of cash

For the purposes of the Condensed Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following at 31 December 2020:

Cash at bank and in hand	36,090,037	37,580,769
Net cash at bank	36,090,037	37,580,769

7. Lease liabilities

	Note	31 Dec 2020 \$	30 June 2020 \$
Leases on office premises		5,001,680	5,336,110
Hire purchase liabilities		2,192,364	3,130,711
Closing balance		7,194,044	8,466,821
Split as follows:			
Current		2,169,989	2,277,532
Non-Current		5,024,054	6,189,289
Closing balance		7,194,044	8,466,821

The Group does not face a significant liquidity risk with regard to its lease liabilities.

Notes to the Condensed Consolidated Financial Statements (continued)

8. Borrowings

	Note	31 Dec 2020 \$	30 June 2020 \$
<i>Secured borrowings at amortised cost</i>			
- Syndicated loans		58,977,523	61,449,179
Total borrowings		58,977,523	61,449,179
<i>Amount due for settlement within 12 months</i>			
- Syndicated loans		-	3,344,427
		-	3,344,427
<i>Amount due for settlement after 12 months</i>			
		58,977,523	58,104,752
		58,977,523	58,104,752

Syndicated loans

The Group has syndicated loans, which are interest-bearing debts and are secured against all other assets of the business. Facility A & B were executed on 18 May 2018. Facility C was executed on 30 April 2019. Each facility has a term of 4 years and is repayable at the end of that term.

During the half year period, the Group repaid a principal amount of \$2,471,656.

9. Issued capital

	Note	Number of shares No.	Share capital \$
<i>Ordinary Shares</i>			
Issued and fully paid		291,149,494	209,365,283
<i>N Class Shares</i>			
Issued and fully paid		458,000	300,000

There has been no movement in ordinary or N Class shares during the period.

Ordinary Shares

Ordinary shares participate in voting, carry a right to a dividend and the proceeds on winding up of the Group in proportion to the number of shares held.

N Class Shares

N Class shares are non-voting shares, but have similar rights to ordinary shares. They are able to participate in dividends and may participate in the proceeds on winding up of the Group in proportion if determined by the Board at that time. N Class shares are paid in full. They do not have any vesting conditions and carry the right to be converted to ordinary shares of the Company at the time of an exit event, being an initial public offering or a sale of the business.

Notes to the Condensed Consolidated Financial Statements (continued)

10. Share based payment reserve

	Note	31 Dec 2020 \$	30 June 2020 \$
Opening balance		2,194,383	1,957,807
Credit to equity for equity-settled share-based payments		644,851	236,576
Closing balance		2,839,234	2,194,383

Management Equity Plan

As disclosed in the most recent annual financial report, M Class shares are accounted for as a share based payment. No new M Class shares were issued during the current half yearly reporting period. In the Group's annual financial report for 30 June 2020, the original vesting period for all M Class shares which was expected to be 31 December 2020, was extended to 30 June 2021 to in line with Group's plans for listing.

An additional expense relating to the vesting of previously issued M Class shares, totalling \$644,851 (31 Dec 2019: \$750,483) was recognised in the period.

11. Dividend

During the half year period or its comparative period, the Group did not make any dividend payments.

12. Key management personnel

On 21 September 2020, Matthew Thurston resigned as a Director of the Company, and at that time ceased to be a Key Management Personnel (KMP) of the Group. Other than this, there has been no changes to the KMP of the Group or compensation arrangements since the most recent annual report.

13. Capital commitments

The Group has capital commitments for purchases of drill rigs assets and their supporting equipment totalling \$6,228,295 (30 June 2020: \$10,749,322).

Notes to the Condensed Consolidated Financial Statements (continued)

14. Financial instruments

Fair value of financial instruments

The fair values of financial assets and liabilities, together with their carrying amounts in the statement of financial position for the Group are as follows:

	31 December 2020		30 June 2020	
	Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
<i>Assets</i>				
Cash at bank	36,090,037	36,090,037	37,580,769	37,580,769
Trade and other receivables	33,290,328	33,290,328	41,887,803	41,887,803
Financial assets	481,241	481,241	569,432	569,432
	69,861,606	69,861,606	80,038,004	80,038,004
<i>Liabilities</i>				
Trade and other payables	19,872,281	19,872,281	21,827,852	21,827,852
Borrowings	58,977,523	58,977,523	61,449,179	61,449,179
	78,849,804	78,849,804	83,277,031	83,277,031

Financial assets carried at fair value through the profit and loss related to listed and non-listed investments. Listed investments are typically measured at Level 1 fair value hierarchy, and there were no transfers between levels during the period. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. At 31 December 2020, listed investments with a carrying value of \$327,241 (30 June 2020: \$415,432) have been measured at Level 1. For financial assets that are non-listed investments, there are measured accordingly to inputs other than quoted prices within Level 1 that are observable for the assets indirectly. The methodology employed in this valuation related to prices the instrument has traded for in a private sale. These are measured at Level 3. At 31 December 2020, financial assets with a carrying value of \$154,000 (30 June 2020: \$154,000) have been measured at Level 3.

15. Bank guarantees

The Group has bank guarantees in the amount of \$628,970 (30 June 2020: \$628,970) in relation to obligations under operating leases and rental premises.

16. Current tax liabilities

As at 30 June 2020, the Group had reported current tax liabilities of \$5,277,042, which included monthly deferred income tax instalment payments of \$3,051,042. These instalments were repaid to the ATO in September 2020, and additionally a final tax payment was made on lodgement of the 30 June 2021 tax return. As a result the current tax liability of the Group at 31 December 2020, has reduced to \$677,317, and additionally the income tax payments made during the half year period have increased in the statement of cashflows to \$11,300,401.

Notes to the Condensed Consolidated Financial Statements (continued)

17. Post-reporting date events

The Group recognises that COVID-19 is a rapidly evolving situation. Whilst acknowledging the disruption to global commerce, the Group will continue to monitor any impacts that the pandemic may have on its operations.

The Group is in advanced plans to undertake an Initial Public Offering ('IPO') on the Australian Securities Exchange ('ASX') and lodged its IPO prospectus with the ASX on 10 February 2021. The IPO is expected to take place on or around 9 March 2021.

As part of the listing process, agreements have been signed to convert all M Class and N Class shares upon listing into ordinary shares of the Company. As a result of these agreements and should the listing be successful, there will be a modification to the share based payments arrangements, and any change in valuation will be reflected when the modification occurs.

Should the listing be successful, it is intended that DDH1 Limited (via its wholly owned subsidiary DDH1 Group Holdings Pty Ltd) will acquire 100% of the ordinary shares of the Company (which includes converting M Class and N Class shares into ordinary shares), with DDH1 Limited to be the listed company on the ASX.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' Declaration

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group.

Signed on behalf of the Board of Directors pursuant to s.303(5) of the *Corporations Act 2001*.



Director
Murray Pollock

Dated this 26th day of February 2021

Independent Auditor's Report to the members of DDH1 Holdings Pty Ltd

Conclusion

We have reviewed the half-year financial report of DDH1 Holdings Pty Ltd ("Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2020, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 7 to 19.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with 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 annual 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 review report.

Directors' Responsibilities for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Nicole Menezes

Partner

Chartered Accountants

Perth, 26 February 2021