

Dynacor Group Reports Record Quarterly Sales of US \$76.2 Million and a Record Quarterly Net Income of US\$5.9 Million (US\$0.16 or CA\$0.22 Per Share) in Q3-2024

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[Dynacor Group Inc.](#) (TSX: DNG) (Dynacor or the Corporation) released its unaudited condensed interim consolidated financial statements and the management's discussion and analysis (MD&A) for the third quarter ended September 30, 2024.

This press release features multimedia. View the full release here:
<https://www.businesswire.com/news/home/20241114040533/en/>

(Graphic: Business Wire)

These documents have been filed electronically with SEDAR+ at www.sedarplus.com and will be available on the Corporation's website www.dynacor.com.

(All figures in this press release are in Ms of US\$ unless stated otherwise. All amounts per share are in US\$. All variance % are calculated from rounded figures. Some additions might be incorrect due to rounding).

Q3-2024 OVERVIEW AND HIGHLIGHTS

OVERVIEW

Dynacor completed the three-month period ended September 30, 2024 ("Q3-2024") with record quarterly sales of \$76.2 million and a record net income of \$5.9 million (US\$0.16 or CA\$0.22 per share) compared to sales of \$63.4 million and a net income of \$2.5 million (US\$0.07 or CA\$0.09 per share) for the third quarter of 2023 ("Q3-2023").

During Q3-2024, the Chala plant continued working at full pace, processing a record average of 519 tpd.

HIGHLIGHTS

Operational

- Record volume processed. The Veta Dorada plant processed a volume of 47,721 tonnes of ore (519 tpd average) compared to 44,519 tonnes in Q3-2023 (484 tpd), a 7.2% increase;
- Gold production reduced due to lower grades of ore processed. In Q3-2024, gold equivalent production reached 30,002 AuEq ounces compared to 34,103 AuEq ounces in Q3-2023;
- Decrease in ore inventory level due to increased throughput and reduced volume of ore supplied.

Financial

- Achievement of multiple record financial results in Q3-2024 driven by increases in gold prices and a record volume of ore processed.
- Record sales. Sales amounted to \$76.2 million in Q3-2024 compared to \$63.4 million in Q3-2023, a 20.2% increase;

- Record gross operating margin of \$10.3 million (13.6% of sales) in Q3-2024, compared to \$7.0 million (11.0% of sales) in Q3-2023;
- Increase of 56.9% in operating income. Record operating income of \$8.0 million in Q3-2024 compared to \$5.1 million in Q3-2023;
- Strong cash gross operating margin of \$365 per AuEq ounce sold ⁽¹⁾ compared to \$235 in Q3-2023, a 55.3% increase;
- Record EBITDA ⁽²⁾ of \$8.9 million, compared to \$5.8 million in Q3-2023, a 53.4% increase;
- Increase of 69.2% in cash flows. Record cash flows from operating activities before change in working capital items of \$6.6 million (\$0.18 per share) ⁽³⁾ compared to \$3.9 million (\$0.10 per share) in Q3-2023;
- Record net income. Dynacor Group recorded a net income of \$5.9 million in Q3-2024 (US\$0.16 or CA\$0.22 per share) compared to \$2.5 million (US\$0.07 or CA\$0.09 per share) in Q3-2023;
- Solid cash position. Cash on hand of \$42.0 million at the end of Q3-2024 compared to \$22.5 million at year end 2023;

Return to Shareholders

- Share buy-back. 244,700 common shares repurchased for \$0.9 million (CA\$1.3 million) in Q3-2024, compared to 137,700 common shares for \$0.3 million (CA\$0.4 million) in Q3-2023;
- Dividends. A 16.7% monthly dividend increase is paid since January 2024. On an annual basis, the 2024 dividend will represent CA\$0.14 per share or 2.56% dividend yield based on the current share price.

(1) Cash gross operating margin per AuEq ounce is in US\$ and is calculated by subtracting the average cash cost of sale per equivalent ounces of Au from the average selling price per equivalent ounces of Au and is a non-IFRS financial performance measure with no standard definition under IFRS Accounting Standards. It is therefore possible that this measure could not be comparable with a similar measure of another company.

(2) EBITDA: "Earnings before interest, taxes and depreciation" is a non-IFRS financial performance measure with no standard definition under IFRS Accounting Standards. It is therefore possible that this measure could not be comparable with a similar measure of another corporation. The Corporation uses this non-IFRS measure as an indicator of the cash generated by the operations and allows investor to compare the profitability of the Corporation with others by canceling effects of different assets basis, effects due to different tax structures as well as the effects of different capital structures.

(3) Cash-flow per share is a non-IFRS financial performance measure with no standard definition under IFRS Accounting Standards. It is therefore possible that this measure could not be comparable with a similar measure of another corporation. The Corporation uses this non-IFRS measure which can also be helpful to investors as it provides a result which can be compared with the Corporation market share price.

RESULTS FROM OPERATIONS

Unaudited Consolidated Statement of net income and comprehensive income

(in '\$'000) (unaudited)	Three-month periods ended September 30, Nine-month periods ended September 30			
	2024	2023	2024	2023
Sales	76,181	63,428	211,345	184,634
Cost of sales	(65,838)	(56,450)	(181,860)	(162,171)
Gross operating margin	10,343	6,978	29,485	22,463
General and administrative expenses	(2,040)	(1,648)	(5,871)	(5,015)
Other projects expenses	(320)	(183)	(861)	(609)
Operating income	7,983	5,147	22,753	16,839
Financial income net of expenses	254	227	593	543
Foreign exchange gain (loss)	8	(168)	(176)	43

Income before income taxes	8,245	5,206	23,170	17,425
Current income tax expense	(2,759)	(2,338)	(8,177)	(6,145)
Deferred income tax (expense) recovery	385	(324)	160	210
Net income and comprehensive income	5,871	2,544	15,153	11,490
Earnings per share				
Basic	\$ 0.16	\$ 0.07	\$ 0.41	\$ 0.30
Diluted	\$ 0.16	\$ 0.06	\$ 0.41	\$ 0.29

Total sales amounted to \$76.2 million compared to \$63.4 million in Q3-2023. The \$12.8 million increase is explained by higher average gold price (+\$17.4 million) partially offset by lower quantities of gold ounces sold (-\$4.6 million) due to lower grades of ore processed.

Cumulative sales increased by \$26.7 million compared to last year with higher average gold price (+\$34.2 million) partially offset by lower quantities of gold ounces sold (-\$7.5 million).

The gross operating margin increased by \$3.3 million from \$7.0 million (11.0% of sales) in Q3-2023 to a record of \$10.3 million (13.6% of sales) in Q3-2024 and was positively impacted by the increasing trend in gold market prices during the period compared to a decreasing trend in Q3-2023.

General and administrative expenses amounted to \$2.0 million compared to \$1.6 million in Q3-2023. The increase is mostly explained by increases in employee expenses.

As budgeted, other projects represent the expenses incurred by the Corporation to explore opportunities to duplicate its unique business model in other jurisdictions.

The Q3-2024 net income was also affected by the recording of a \$2.4 million income tax expense including a \$0.4 million (non-cash) deferred income tax recovery (\$2.7 million including a deferred tax expense of \$0.3 million in Q3-2023). The tax expense (current and deferred) is affected by the variance throughout the period of the Peruvian Sol against the US\$. Future fluctuations will affect positively or negatively the current and deferred tax at the end of each period.

Reconciliation of non-IFRS measures

(in \$'000) (unaudited)

Three-month periods ended September 30, Nine-m

	2024	2023	2024
Reconciliation of net income and comprehensive income to EBITDA			
Net income and comprehensive income	5,871	2,544	15,153
Income tax expenses (current and deferred)	2,374	2,662	8,017
Financial income net of expenses	(253)	(227)	(610)
Depreciation	942	866	2,738
EBITDA	8,934	5,845	25,290

CONSOLIDATED CASH FLOW FROM OPERATING, INVESTING AND FINANCING ACTIVITIES AND WORKING CAPITAL AND LIQUIDITY

Operating activities

During Q3-2024, the cash flow from operations, before changes in working capital items, amounted to \$6.6 million (\$18.1 million for the nine-month period ending September 30, 2024), compared to \$3.9 million in Q3-2023 (\$14.2 million for the nine-month period ending September 30, 2023).

During Q3-2024, total cash from operating activities amounted to \$10.3 million (\$29.6 million for the nine-month period ending September 30, 2024) compared to \$5.0 million in Q3-2023 (\$16.2 million for the nine-month period ending September 30, 2023). Changes in working capital items amounted to \$3.7 million (\$11.5 million for the nine-month period ending September 30, 2024) compared to \$1.1 million in Q3-2023 (\$2.0 million for the nine-month period ending September 30, 2023). The variances are mainly attributable to decrease in inventories and variance in trade receivables (ref. timing of export).

Investing activities

During the three-month period ended September 30, 2024, the Corporation invested \$1.3 million (cumulative nine-month 2024 of \$3.6 million). These amounts mainly include investments to improve plant efficiency and increase tailings pond capacity. All investments have been financed with internally generated cash-flows.

Financing activities

In Q3-2024, monthly dividends totaling CA\$0.035 per share were disbursed for a total consideration of \$0.9 million (CA\$1.3 million) (cumulative nine-month of CA\$0.105). In Q3-2023, monthly dividends totaling CA\$0.03 per share were disbursed for a total consideration of \$0.9 million (CA\$1.2 million). Increases in monthly dividend were disbursed from January 2023 and then from January 2024.

In Q3-2024, 244,700 common shares were repurchased under the Corporation normal course issuer bid share buyback program for a total cash consideration of \$0.9 million (CA\$1.3 million) (cumulative nine-month of 1,208,700 shares) (137,700 shares for a total cash consideration of \$0.3 million (CA\$0.4 million) in Q3-2023).

Working capital and liquidity

As at September 30, 2024, the Corporation's working capital increased to \$58.7 million, including \$42.0 million in cash (\$50.8 million, including \$22.5 million in cash at December 31, 2023).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2024, total assets amounted to \$120.9 million (\$111.8 million as at December 31, 2023). Major variances since last year-end come from the significant increase in cash and working capital items due to the good financial performance.

	As at	As at
(in '\$000) (unaudited)	September 30,	December 31,
	2024	2023
Cash	41,952	22,481
Accounts receivable	14,994	13,328
Inventories	18,657	31,925
Prepaid	537	277

Property, plant and equipment	25,603	24,590
Right-of-use assets	549	613
Exploration and evaluation assets	18,566	18,566
Other non-current assets	54	-
Total assets	120,912	111,780
Trade and other payables	14,479	15,357
Current tax liabilities	2,876	1,799
Asset retirement obligations	3,791	3,724
Deferred tax liabilities	517	677
Lease liabilities	579	636
Share unit plan liabilities	247	-
Shareholders' equity	98,423	89,587
Total liabilities and equity	120,912	111,780

FOLLOW-UP OUTLOOK 2024

Ore processing

For 2024, the Corporation forecasted sales ⁽¹⁾ ranging between \$265-285 million representing a growth of 6-14% over 2023 sales. Net income is forecasted ranging between \$12-15 million (\$0.33-0.41 per share) (CA\$0.45-0.56 per share) and include expenses of \$2.7 million to advance other projects in other jurisdictions. So far in 2024, the Corporation is in line with its sales forecast and should highly exceed its net income forecast.

(1) Using a year opening market gold price ranging between \$2,000 and \$2,050 per ounce

Capex

Dynacor Group planned to invest up to \$13 million in capital expenditures in 2024. This investment will be used at our Veta Dorada plant for new equipment to improve efficiency, increase tailings pond capacity, buy vehicles to support the security of our purchasers working in remote areas and will include, upon favourable conditions, up to \$4 million to pursue the due diligence process and development of new projects in other jurisdictions. The Corporation should end 2024 below its initial projections with some of its planned investments being postponed to 2025.

ABOUT DYNACOR

Dynacor is a dividend-paying industrial gold ore processor headquartered in Montreal, Canada. The corporation is engaged in gold production through the processing of ore purchased from the ASM (artisanal and small-scale mining) industry. At present, Dynacor operates in Peru, where its management and processing teams have decades of experience working with ASM miners. It also owns a gold exploration property (Tumipampa) in the Apurimac department.

The corporation intends to expand its processing operations in other jurisdictions as well.

Dynacor produces environmental and socially responsible gold through its PX IMPACT® gold program. A

growing number of supportive firms from the fine luxury jewelry, watchmakers and investment sectors pay a small premium to our customer and strategic partner for this PX IMPACT® gold. The premium provides direct investment to develop health and education projects for our artisanal and small-scale miner's communities.

Dynacor is listed on the Toronto Stock Exchange (DNG) and is part of the TSX30 program. TSX30 is the flagship program recognizing the 30 top-performing companies on Toronto Stock Exchange (TSX).

FORWARD-LOOKING INFORMATION

Certain statements in the preceding may constitute forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance, or achievements of Dynacor, or industry results, to be materially different from any future result, performance or achievement expressed or implied by such forward-looking statements. These statements reflect management's current expectations regarding future events and operating performance as of the date of this news release.

Shares Outstanding: 36,307,106

Website: <http://www.dynacor.com>

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