

ASX Announcement

1 July 2021

Damstra Technology

(ASX: DTC)

DAMSTRA ANNOUNCES SUCCESSFUL \$20M REFINANCING TO FUND GROWTH AMBITIONS

Damstra Holdings Limited (ASX:DTC) (**Damstra** or the **Company**) today announces that it has successfully refinanced its existing debt facilities, enhancing the Company's financial position to fund its continued growth.

The new secured debt facility of up to AUD\$20 million will be provided by Partners for Growth VI, L.P. (**PFG**), a well-known San Francisco Bay Area-headquartered specialist provider of growth funding solutions to technology companies.

The new facility will enable Damstra to replace its existing facility with Westpac, currently drawn down to \$3.7 million, and provide headroom of ~AUD\$17million, which alongside Damstra's net cash balance strengthens the Company's financial flexibility. The facility is for 36 months with all interest rates fixed for the life of the facility. An initial drawn down tranche fixed at 7.85% will be used to repay the existing debt. Several further tranches are also available for draw down¹, including some on a revolving basis.

The Board considers the terms of the new facility to be favourable to Damstra, with more flexible covenants and interest-only repayments during the term of the facility, which will improve operating cashflow and provide additional capital to support Damstra's growth ambitions globally.

As part of the agreement with PFG, Damstra has agreed to issue to PFG warrants (**Warrants**) exercisable into up to 1,603,884 ordinary shares in the Company (**Shares**) at varying exercise prices representing a 20-50% premium to the five-day volume weighted average price of Damstra Shares up to and including the last trading day before this announcement. The key terms of the Warrants are set out in the attached Annexure. An Appendix 3G and Appendix 3B in respect of the Warrants will be released on ASX today.

Damstra CEO, Christian Damstra, said: "The outlook for Damstra has never been better as we continue to successfully execute our strategy. Partners for Growth and their strategic partner, the Silicon Valley Bank, have a strong track record of supporting high-growth technology companies, and we look forward to working with them as we look to capture the huge growth opportunity for our business around the world."

Damstra does not consider entry into the agreement with PFG to be material.

Ends

Authorised for release to ASX by the Board of Damstra Holdings.

Enquiries

¹ Subject to satisfying the agreed and customary conditions.

Investors

Katja Voegele
Damstra
+61 411 628 839
k.voegele@damstratechnology.com

Media

Ryan Thompson
Citadel-MAGNUS
+61 423 151 378
rthompson@citadelmagnus.com

About Damstra

Damstra is a global leader in enterprise protection software. Its Enterprise Protection Platform (EPP) integrates an extensive range of modules and products that allows organisations to mitigate and reduce unforeseen and unnecessary business risks around people, workplaces, assets, and information.

Integral to the Damstra EPP, Damstra's Workforce Management, Learning Management and Connected Worker solutions combine to ensure Protected People. In creating workplaces that are Safe, Damstra's Access Control, Digital Forms and Safety Solutions are utilised. Assets are connected into operations, through integrated Asset Management enabling Asset mobilisation and offerings in RFID and IOT. And lastly Accessible Information, Reporting BI tools and Predictive Analytics are critical to ensuring customers are making the right decisions with the right information.

For more information, please visit:

<https://www.damstratechnology.com>
<https://www.linkedin.com/company/damstra-technology>

Disclaimer

This announcement contains “forward-looking statements.” These can be identified by words such as “may”, “should”, “anticipate”, “believe”, “intend”, “estimate”, and “expect”. Statements which are not based on historic or current facts may be forward-looking statements. Forward-looking statements are based on:

- assumptions regarding the Company's financial position, business strategies, plans and objectives of management for future operations and development and the environment in which the Company will operate; and
- current views, expectations, and beliefs as at the date they are expressed, and which are subject to various risks and uncertainties.

Actual results, performance or achievements of the Company could be materially different from those expressed in, or implied by, these forward-looking statements. The forward-looking statements contained within the announcement are not guarantees or assurances of future performance and involve known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company, which may cause the actual results, performance, or achievements of the Company to differ materially from those expressed or implied by forward-looking statements. For example, the factors that are likely to affect the results of the Company include general economic conditions in Australia and globally; exchange rates; competition in the markets in which the Company does and will operate; weather and climate conditions; and the inherent regulatory risks in the businesses of the Company. The forward-looking statements contained in this announcement should not be taken as implying that the assumptions on which the projections have been prepared are correct or exhaustive. The Company disclaims any responsibility for the accuracy or completeness of any forward-looking statement. The Company disclaims any responsibility to update or revise any forward-looking statements to reflect any change in the Company's financial condition, status or affairs or any change in the events, conditions, or circumstances on which a statement is based, except as required by law. The projections or forecasts included in this presentation have not been audited, examined, or otherwise reviewed by the independent auditors of the Company.

You must not place undue reliance on these forward-looking statements.

ANNEXURE: WARRANT TERMS

Damstra has agreed to issue the following Warrants to two related entities of PFG (**PFG Nominees**) on the following key terms:

- today Damstra has issued four Warrants to each of the PFG Nominees (eight Warrants in total) as follows (**Initial Warrants**):
 - 1 Warrant exercisable into 104,404 Shares on or before 30 June 2028 (**Expiry Date**), at an exercise price of \$1.05 per Share;
 - 1 Warrant exercisable into 96,373 Shares on or before the Expiry Date, at an exercise price of \$1.14 per Share;
 - 1 Warrant exercisable into 178,979 Shares on or before the Expiry Date, at an exercise price of \$1.23 per Share; and
 - 1 Warrant exercisable into 222,729 Shares on or before the Expiry Date, at an exercise price of \$1.32 per Share.
- Subject to the Company drawing down the second and final tranche of the loan facility in accordance with the terms of the agreement, Damstra agrees to issue four Warrants to each of the PFG Nominees (8 Warrants in total) on the date that the final tranche is drawn down as follows:
 - 1 Warrant exercisable into 34,564 Shares on or before the Expiry Date, at an exercise price of \$1.05 per Share;
 - 1 Warrant exercisable into 31,905 Shares on or before the Expiry Date, at an exercise price of \$1.14 per Share;
 - 1 Warrant exercisable into 59,252 Shares on or before the Expiry Date, at an exercise price of \$1.23 per Share; and
 - 1 Warrant exercisable into 73,736 Shares on or before the Expiry Date, at an exercise price of \$1.32 per Share.
- Subject to the Company drawing down the second and more than 50% of the Company's shares being acquired or the sale of substantially all of the Company's assets, the acquirer or surviving entity (as applicable) shall, as condition to the acquisition and at the Company's option, either: (i) assume the obligations of the Company under the Warrant or (ii) purchase the Warrant at its fair value, which shall be determined using a Black-Scholes Option-Pricing Model.
- Each Warrant is exercisable in whole or in part.
- If the fair market value of Shares exceeds the relevant exercise price, the holder may surrender a Warrant for that number of Shares obtained by dividing (x) the intrinsic value of the Warrant (i.e. the Fair Market Value of the Shares on the date of the surrender less the exercise price), by (y) the Fair Market Value (defined as the highest fair market value per share in the 90 days prior to the surrender of the Warrant) (**Cashless Exercise**).
- If the Fair Market Value is greater than the relevant exercise price at the Expiry Date, each Warrant shall be Cashless Exercised for Shares immediately before it expires.
- The Initial Warrants have been issued under the Company's 15% placement capacity under ASX Listing Rule 7.1.
- The Warrants (in whole or in part) may be transferable with the Company's prior consent in certain circumstances but they will not be quoted.
- In the event of a reorganisation of the Company's issued capital, the number of shares into which a Warrant may be exercised, and the exercise price relating to each Warrant, will be adjusted in accordance with the requirements of the ASX Listing Rules.
- The Warrants do not entitle the holder to participate in new issues of securities unless and to the extent that the Warrant is exercised prior to the record date relating to the new issue of securities. In the event that the Company undertakes a pro rata issue of securities (other than a bonus issue), the exercise price of each Warrant will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
- If the Company makes a pro rata "bonus issue", the number of Warrant Shares into which each Warrant then outstanding shall be increased by the number of bonus ordinary shares or other securities which the holder would have received if the holder had exercised the Warrant before the record date for the bonus issue.