



D A M S T R A

DAMSTRA HOLDINGS LIMITED
ACN 610 571 607

RETAIL ENTITLEMENT OFFER BOOKLET

Details of a 1 for 6.75 accelerated pro rata non-renounceable Entitlement Offer to Eligible Shareholders of New Shares at an issue price of \$0.34 each.

Unless extended, the retail component of the Entitlement Offer closes at 5:00pm (AEDT) on Thursday, 16 December 2021.

The Entitlement Offer is fully underwritten by Shaw and Partners Limited.

Not for release to US wire services or distribution in the United States

This document and the accompanying personalised Entitlement and Acceptance Form are both important documents which should be read in their entirety. This document is not a prospectus under the Corporations Act and has not been lodged with ASIC.

You should call your stockbroker, accountant or other independent and appropriately licensed professional adviser if you have any questions or are in doubt as to what you should do.

For personal use only

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Important Information

This Booklet

This Booklet has been prepared by Damstra Holdings Limited (ACN 610 571 607) and is dated 7 December 2021.

The Entitlement Offer to which the information in this Booklet relates is being made in reliance on section 708AA of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73.

This Booklet is not a Prospectus

The information in this Booklet is not a prospectus, product disclosure statement, disclosure document or other offer document under the Corporations Act (or any other law) and has not been lodged with ASIC.

This Booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it contain all the information which would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act (or any other law). It should be read in conjunction with the Investor Presentation lodged with the ASX on 2 December 2021 and the Company's other periodic statements and continuous disclosure announcements lodged with ASX.

The information in this Booklet does not take into account the investment objectives, financial situation or needs of you or any particular investor. The Company is not licensed to provide financial product advice in respect of the New Shares. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. You should conduct your own independent review, investigation and analysis of the Shares the subject of the Retail Entitlement Offer. If, after reading this Booklet, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant or other independent and appropriately licensed professional adviser.

Investment risk

An investment in New Shares is subject to known and unknown risks, some of which are beyond the control of the Company and its officers, employees, agents or associates, including possible loss of income and principal invested. The Company does not guarantee any particular return, or the performance of the Company, nor does the Company guarantee any particular tax treatment.

Investors should have regard to (amongst other things) the risk factors outlined in section 4 of this Booklet when making their investment decision.

Overseas Shareholders

This Booklet does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Booklet.

The Retail Entitlement Offer is not being extended and New Shares will not be issued to Retail Shareholders with a registered address which is outside of Australia and New Zealand. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than New Zealand) having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 ("**US Securities Act**") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. In particular, the New Shares to be offered and sold in the Retail Entitlement Offer

will only be offered and sold outside the United States in "offshore transactions", as defined and in compliance with Regulation S under the US Securities Act. The distribution of this Booklet (including an electronic copy) outside of Australia and New Zealand may be restricted by law. Any non-compliance with these restrictions may contravene applicable securities laws. If you come into possession of the information in this Booklet, you should observe such restrictions.

Refer sections 3.11 and 3.12 for further key information in relation to foreign jurisdictions.

Notice to Nominees and Custodians

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Entitlement Offer does not breach regulations in the relevant overseas jurisdiction. In particular, nominees and custodians may not take up an Entitlement on behalf of any person in the United States or elsewhere outside Australia and New Zealand except Institutional Investors in another Permitted Jurisdiction or with the consent of the Company.

Applying for New Shares under the Entitlement Offer (including by making payment by BPAY®) will be taken by the Company to constitute a representation that there has been, and will be, no breach of those regulations in connection with the Entitlement Offer.

Forward-looking Statements

This Booklet contains certain forward-looking statements which are identified by words such as 'anticipates', 'believes', 'could', 'estimates', 'expects', 'forecast', 'likely', 'intend', 'may', 'project', 'should', 'targets', 'aim', 'will' or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Booklet, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors and its management, including the risks and uncertainties described in the "Risks" section of this Booklet.

Forward looking statements may include, but are not limited to, statements with regard to projected capital costs, capacity, sale projections and financial performance. Forward looking statements are provided as a guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which those statements are based. You are cautioned not to place undue reliance on forward looking statements and, except as required by law or regulation, the Company assumes no obligation to update these forward-looking statements.

To the maximum extent permitted by law, the Company, the Lead Manager and their respective directors, officers, employees, agents, associates and advisers disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions, do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of such information, or likelihood or fulfilment of any forward looking statement or any event or results expressed or implied in any forward looking statement, and disclaim all responsibility and liability for these forward looking statements (including, without limitation, liability for negligence).

Past Performance

Past performance and any historical financial information given in this Booklet is provided for illustrative purposes only and is not, and should not be relied upon as, an indication of future performance. The historical information in this Booklet, is, or is based upon, information that has been released to ASX. For further information, please see past announcements released to ASX.

Disclaimer of Representations

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Booklet. Any information or representation that is not in this Booklet may not be relied on as having been authorised by the Company, or its related bodies corporate, in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of the Company, or any other person, warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Booklet.

Privacy Act

If you apply for New Shares, you will be providing personal information to the Company (directly or by the Registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or the Registry if you wish to do so at the relevant contact numbers set out in this Booklet.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide any information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

Financial Amounts

All financial amounts contained in this Booklet are expressed in Australian dollars (unless otherwise stated). Any discrepancies between totals and sums of components in tables, figures and body content contained in this Booklet or actual amounts are due to rounding. Tables, figures and body content contained in this Booklet have not been amended by the Company to correct immaterial summation differences that may arise from this rounding convention.

The Company's results are reported under IFRS. This Booklet may nevertheless include non-IFRS information and other measures such as ratios. These other measures are used internally by management to assess the performance of the business. Non-IFRS and other measures should not be considered as an indication of, or as an alternative to, an IFRS measure and accordingly you are cautioned not to place undue emphasis on any such information or measures.

Defined Terms

Capitalised terms used in this Booklet have the meaning given in the Glossary in section 5 unless the context requires otherwise.

Chairman's Letter

Dear Shareholders,

On behalf of the Board of Damstra Holdings Limited, I am pleased to invite you to participate in this fully underwritten accelerated non-renounceable pro rata Entitlement Offer of new fully paid ordinary shares in the Company.

The Entitlement Offer was announced on 2 December 2021 and is fully underwritten by the Lead Manager, Shaw and Partners Limited.

As announced on 2 December 2021, the Company is seeking to raise approximately \$10 million (before costs) under the Entitlement Offer. The Company undertook the institutional component of the Entitlement Offer between 2 December and 3 December 2021 in conjunction with a placement to Institutional Investors, at the same price as the Entitlement Offer, to raise an additional approximately \$10 million. The Placement is also fully underwritten by the Lead Manager.

The funds raised under the Entitlement Offer and the Placement will be used to support growth in sales capability and resources, especially in the North American market, ensure availability of funds for TIKS deferred consideration payment, further invest in development of Damstra's Enterprise Protection Platform and for the Company's general working capital purposes (including the costs of the Entitlement Offer).

This Booklet relates to the retail component of the Entitlement Offer. Under the Retail Entitlement Offer, Eligible Retail Shareholders are entitled to subscribe for 1 New Share for every 6.75 Shares held on the Record Date at an Issue Price of \$0.34 per New Share, being the same as the price offered under the Institutional Entitlement Offer and the Placement. Eligible Retail Shareholders are also entitled to apply for New Shares in excess of their Entitlement (up to a maximum of 50% of their Entitlement) under the Top-Up Facility in accordance with the terms set out in section 2.5 of this Booklet.

The Retail Entitlement Offer is currently expected to close at 5.00pm (AEDT) on 16 December 2021.

This Booklet contains important information about the Retail Entitlement Offer, including key dates relating to the Entitlement Offer and a summary of the options available to you. A summary of the key risks associated with an investment in the Company is set out in section 4 of this Booklet. We strongly recommend that you read this section in its entirety.

If you are an Eligible Retail Shareholder, to participate in the Retail Entitlement Offer, your full payment for the number of New Shares for which you want to apply must be received via BPAY® by 5.00pm (AEDT) on the Closing Date.

I encourage you to read this Booklet in full before deciding whether or not to take up your Entitlement and any Top-Up Shares under the Top-Up Facility. We recommend that you consult with your stockbroker, accountant or other independent and appropriately licensed professional adviser if you are in any doubt as to whether to participate in the Retail Entitlement Offer.

If you have any questions regarding the Entitlement Offer, please contact the Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) at any time from 8.30am to 5.00pm (AEDT) Monday to Friday, during the Retail Offer Period.

On behalf of the Company, I thank you for your continued support and invite you to consider this investment opportunity.

Yours sincerely,

Johannes Risseuw
Executive Chairman

1 Key Dates

Request trading halt and announce Placement and Entitlement Offer with Appendix 3B and cleansing statement to ASX	Thursday, 2 December 2021
Placement and Institutional Entitlement Offer conducted while in trading halt	Thursday, 2 December 2021
Placement and Institutional Entitlement Offer closes	Friday, 3 December 2021
Announce results of Placement and Institutional Entitlement Offer	Monday, 6 December 2021
Trading halt lifted	Monday, 6 December 2021
Trading of DTC shares resumes ex-entitlement	Monday, 6 December 2021
Record Date for eligible participants in Retail Entitlement Offer (Record Date)	7.00pm AEDT on Monday, 6 December 2021
Entitlement Offer Booklet despatched to shareholders and lodged with ASX	Tuesday, 7 December 2021
Opening Date for Retail Entitlement Offer (Opening Date)	Tuesday, 7 December 2021
Settlement of Placement and Institutional Entitlement Offer Shares (Institutional Settlement Date)	Thursday, 9 December 2021
Lodge Appendix 2A for Placement and Institutional Entitlement Offer Shares and issue cleansing statement for Placement Shares	Thursday, 9 December 2021
Placement and Institutional Entitlement Offer Shares commence trading (Institutional Issue Date)	Friday, 10 December 2021
Final day to extend Retail Entitlement Offer	Monday, 13 December 2021
Closing Date for Retail Entitlement Offer (Closing Date)	5.00pm on Thursday, 16 December 2021
Settlement of Retail Entitlement Offer Shares (Retail Settlement Date)	Wednesday, 22 December 2021
Announce results of the results of the Retail Entitlement Offer, issue Retail Entitlement Offer Shares and lodge Appendix 2A for Retail Entitlement Offer Shares	Thursday, 23 December 2021
Retail Entitlement Offer Shares commence trading	Friday, 24 December 2021

Dates and times in this Booklet are indicative only and may be subject to change. All times are AEDT. The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to withdraw or vary the dates and times of the Entitlement Offer without notice. In particular, the Company reserves the right to extend the Closing Date of the Entitlement Offer or accept late applications, either generally or in particular cases, without prior notice.

2 Details of the Entitlement Offer

2.1 The Entitlement Offer

The Entitlement Offer is being made as a fully underwritten, accelerated non-renounceable pro rata offer of 1 New Share for every 6.75 Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.34 per New Share (**Issue Price**). There are three components to the Entitlement Offer. A summary of each component is set out below:

- **Institutional Entitlement Offer:** Eligible Institutional Shareholders have been given the opportunity to take up all or part of their Entitlement on an accelerated basis under the Institutional Entitlement Offer. The Institutional Entitlement Offer was conducted in conjunction with the Placement over 2 December and 3 December 2021. The results of the Institutional Entitlement Offer were announced on the Company's ASX platform on 6 December 2021. New Shares issued under the Institutional Entitlement Offer were issued at the same price and at the same ratio as those being offered under the Retail Entitlement Offer.
- **Retail Entitlement Offer:** Eligible Retail Shareholders will be given the opportunity to take up all or part of their Entitlement under the Retail Entitlement Offer on the terms set out in this Booklet. The Entitlement Offer ratio and the Issue Price under the Retail Entitlement Offer are the same as the ratio and price under the Institutional Entitlement Offer.
- **Top-Up Facility:** Eligible Retail Shareholders who have subscribed for all of their Entitlement, may, in addition to their full Entitlement, apply for a number of Top-Up Shares equal to a maximum of 50% of their full Entitlement. Top-Up Shares will be issued at the same Issue Price as applicable under the Retail Entitlement Offer. The terms of the Top-Up Facility are set out in section 2.5 of this Booklet.

New Shares issued under Entitlement Offer will be issued on a fully paid basis and will rank equally in all respects with the Shares on issue at the date of this Booklet. Fractional entitlements will be rounded up to the nearest whole number. The rights and liabilities attaching to the New Shares are set out in the Constitution, a copy of which is available from the Company on request.

2.2 Eligible Retail Shareholders

The information in this Booklet contains an offer of New Shares to Eligible Retail Shareholders with a registered address in Australia or New Zealand, and has been prepared in accordance with section 708AA of the Corporations Act, as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84.

Eligible Retail Shareholders are those persons who:

- (a) are registered as a holder of Shares on the Record Date; and
- (b) have a registered address on the Register in Australia or New Zealand or are an Institutional Investor in another Permitted Jurisdiction; and
- (c) are not in the United States, and are not acting for the account or benefit of a person, in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States);
- (d) were not invited to participate (other than as a nominee in respect of other underlying holdings) under the Institutional Entitlement Offer or were not treated as Ineligible Shareholders under the Institutional Entitlement Offer; and

- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus, offer document, product disclosure statement or other lodgement, filing, registration or qualification to be lodged or registered.

Shareholders who do not satisfy each of the criteria listed above are Ineligible Retail Shareholders. The Company reserves the right to determine whether a Shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

By making a payment by BPAY® in accordance with this Booklet and your Entitlement and Acceptance Form, you will be taken to have represented and warranted that you satisfy each of the criteria listed above required to be an Eligible Retail Shareholder. Nominees, trustees or custodians are advised to seek independent professional advice as to how to proceed.

The Company may (in its absolute discretion) extend the Retail Entitlement Offer to any shareholder that was eligible, but was not invited, to participate in the Institutional Entitlement Offer (subject to compliance with relevant laws).

2.3 Your Entitlement

Your Entitlement is set out on the personalised Entitlement and Acceptance Form which has been sent to you in accordance with your communication preferences as held by the Registry. Your Entitlement has been calculated at 1 New Share for every 6.75 Shares you held at the Record Date, rounded up to the nearest whole New Share. If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. Eligible Retail Shareholders can also view this Booklet at <https://www2.asx.com.au/markets/company/dtc> and details of their Entitlement online at <https://damstra-offer.thereachagency.com> throughout the Retail Offer Period.

If you decide to take up all or part of your Entitlement, please refer to your personalised Entitlement and Acceptance Form and apply for New Shares in accordance with the instructions set out in this Booklet and that form.

2.4 Nominees

The Retail Entitlement Offer is only being made to Eligible Retail Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial holders of Shares (for the purposes of determining whether any such persons may participate in the Retail Entitlement Offer).

Nominees and custodians must not take up Entitlements or apply for New Shares on behalf of, and must not send the Booklet or any other document relating to the Retail Entitlement Offer to, any person that is outside of Australia and New Zealand except Institutional Investors in another Permitted Jurisdiction or with the consent of the Company.

2.5 Top-Up Facility

To the extent that Eligible Retail Shareholders do not take up their Entitlements under the Retail Entitlement Offer, those New Shares will be available for allocation under the Top-Up Facility (**Top-Up Shares**). Eligible Retail Shareholders who have subscribed for their full Entitlement, may, in addition to their full Entitlement, apply for a number of Top-Up Shares equal to a maximum of 50% of their full Entitlement (**Top-Up Share Limit**).

The total number of Top-Up Shares available under the Top-Up Facility will depend on the number of Accepted Retail Entitlement Shares taken up by Eligible Retail Shareholders. Top-Up Shares will be issued at the same Issue Price as applicable under the Retail Entitlement Offer.

The Company may, subject to any restrictions imposed by the Corporations Act or the ASX Listing Rules, and in consultation with the Lead Manager, scale back applications for Top-Up Shares or impose restrictions on the number of Top-Up Shares which can be taken up by any Eligible Retail Shareholder under the Top-Up Facility, each as determined by the Lead Manager and the Company in their absolute discretion. In exercising this discretion, the Company and the Lead Manager will consider factors such as:

- (a) the number of Top-Up Shares available under the Top-Up Facility;
- (b) the number of Top-Up Shares applied for under the Top-Up Facility;
- (c) the pro rata holdings of Eligible Retail Shareholders on the Record Date and on the Closing Date;
- (d) whether the Directors are satisfied, in their discretion, that the issue of Top-Up Shares will not increase the Eligible Retail Shareholder's voting power above 19.99% or otherwise result in a breach of the ASX Listing Rules, the Corporations Act or any other applicable law; and
- (e) such other factors as deemed appropriate by the Company in its sole discretion.

In the event that you apply and pay for Top-Up Shares which are not allocated to you, the Company will refund to you (without interest) the difference between the Application Monies received by the Company from you, and the value of the number of New Shares (including any Top-Up Shares) which are issued to you, calculated with reference to the Issue Price.

If you apply for Top-Up Shares you should be aware of the following:

- (a) you may be allotted no Top-Up Shares or a lesser number of Top-Up Shares than applied for;
- (b) you shall be bound to accept the number of Top-Up Shares allotted to you by the Company;
- (c) you must accept a refund of money in respect of any Top-Up Shares applied for but not allotted; and
- (d) no interest will be paid on any money refunded to you should the above circumstances occur.

The Directors reserve the right, subject to the terms of the Underwriting Agreement and the requirements of the ASX Listing Rules and the Corporations Act, to place any Unaccepted Retail Entitlement Shares within three months of the Closing Date to either existing Shareholders or new Institutional Investors at their discretion. Eligible Retail Shareholders will not receive any payment or value for their Entitlements which they have not taken up, including where those Entitlements are subsequently taken up as Top-Up Shares.

No Top-Up Shares will be issued via the Top-Up Facility to any related parties of the Company or their Associates.

2.6 No Rights Trading

The rights to New Shares under the Retail Entitlement Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Retail Entitlement Offer to any other party. If you do not take up your Entitlement by the Closing Date, the Entitlement Offer to you will lapse.

2.7 Impact of the Entitlement Offer on your Shareholding

If you do not wish to take up any part of your Entitlement under the Retail Entitlement Offer, your percentage shareholding in the Company will be diluted to the extent that New Shares are issued under the Entitlement Offer.

2.8 Your Options

If you are an Eligible Retail Shareholder, you have the following options available to you in respect of the Retail Entitlement Offer. You may:

- (a) take up your Entitlement in full and, if you wish, apply for Top-Up Shares under the Top-Up Facility to a maximum of 50% of your full Entitlement;
- (b) take up part of your Entitlement, in which case the offer to you in respect of the balance of your Entitlement lapses. As noted above, this will result in your percentage shareholding in the Company to be diluted to the extent of your Entitlement that you do not take up, and to the extent that New Shares are issued; or
- (c) allow the offer to you in respect of all of your Entitlement to lapse. As noted above, this will result in your percentage shareholding in the Company to be diluted.

If you have any questions, you should seek advice from your stockbroker, accountant or other independent professional adviser. You should also read this Booklet in full, including the 'Risks' set out in section 4 of this Booklet.

2.9 How to apply to take up your Entitlement

The number of New Shares to which each Eligible Retail Shareholder is entitled is shown on the relevant personalised Entitlement and Acceptance Form. Payment will only be accepted in Australian currency and must be paid through the BPAY® facility (or via EFT if section 2.12 applies) according to the instructions set out on the Entitlement and Acceptance Form and in this Booklet (other than with the express consent of the Company).

By paying by BPAY® (or via EFT if section 2.12 applies), you are not required to submit a personalised Entitlement and Acceptance Form but you will be deemed to have made the statements on that form.

If you are an Eligible Retail Shareholder, you may participate in the Retail Entitlement Offer as follows:

- (a) **if you wish to accept your Entitlement in full:** you must make your payment for the full amount payable, being the Issue Price multiplied by the number of New Shares you are applying for as shown on your personalised Entitlement and Acceptance Form, so that the payment is received by 5:00pm (AEDT) on the Closing Date.
- (b) **if you wish to accept your Entitlement in full and apply for Top-Up Shares:** you must make payment for the full amount payable, being the Issue Price multiplied by the total number of New Shares, including the number of Top-Up Shares, you are applying for, the aggregate of which must not exceed 150% of your Entitlement shown on your personalised Entitlement and Acceptance Form. You will need to calculate the amount payable yourself based on your Entitlement plus the number of Top-Up Shares you wish to apply for. Your payment must be received by 5:00pm (AEDT) on the Closing Date.

Any Application Monies received in excess of the amount corresponding to your Entitlement will be treated as an application to apply for that many Top-Up Shares as that excess amount will pay for, in full, priced at the Issue Price, up to a maximum amount equal to 50% of your Entitlement. If you apply (or are taken to apply) for an amount of Top-Up Shares in excess of the Top-Up Share Limit, you will be taken to be applying only for the amount of Top-Up Shares that is equal to 50% of your Entitlement. Any

Application Monies received in excess of both your full Entitlement and the Top-Up Share Limit will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid on any Application Monies received or refunded.

If you apply and pay for Top-Up Shares (up to the Top-Up Share Limit), then, subject to the Company's absolute discretion (in consultation with the Lead Manager) to scale back your application for Top-Up Shares (in whole or part), you will be issued those Top-Up Shares at the same time as the issue of the New Shares. The Company's decision on the number of Top-Up Shares allotted to you will be final.

- (c) **if you only wish to accept part of your Entitlement:** If you wish to take up only part of your Entitlement and reject the balance, you must make your payment for the amount payable (being the Issue Price multiplied by the number of New Shares you are accepting – you will need to calculate this number yourself). Your payment must be received by 5:00pm (AEDT) on the Closing Date.

For the avoidance of doubt, if you choose to take up only part of your Entitlement, you will not be eligible to apply for any Top-Up Shares.

- (d) **if you do not wish to take up any of your Entitlement:**

If you do not wish to accept all or part of your Entitlement, you are not obliged to do anything. By allowing your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares you would have acquired had you taken up your Entitlement and you will not receive any value for your Entitlement. Your percentage shareholding in the Company will also be diluted to the extent that New Shares are issued under the Entitlement Offer.

2.10 Information regarding payment for New Shares

Payment will only be accepted in Australian currency and must be paid through the BPAY® facility (or via EFT if section 2.12 applies) according to the instructions set out on the Entitlement and Acceptance Form and in this Booklet (other than with the express consent of the Company).

Cash, cheque, bank draft and money order payments will not be accepted. Receipts for payment will not be issued.

Application Monies received from Eligible Retail Shareholders will be held by the Registry on trust for applicants until the New Shares are allotted.

2.11 Payment by BPAY®

To pay by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that by paying by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but you will be taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies, priced at the Issue Price per New Share.

It is your responsibility to ensure that your BPAY® payment is received by the Registry by **no later than 5:00pm (AEDT) on the Closing Date**. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

2.12 Payment by other electronic transfers

If you do not have an account that supports BPAY® transactions, New Zealand holders will be offered EFT details and can access these online on the offer website at <https://damstra-offer.thereachagency.com>.

2.13 Closing Date

All Application Monies must be received by no later than 5:00pm (AEDT) on the Closing Date. The Directors may extend the Closing Date by giving at least 3 Business Days' notice to the ASX prior to the Closing Date. As such the date on which the New Shares are expected to commence trading on ASX may vary.

The Company may, in its sole discretion, withdraw the Entitlement Offer at any time on or before the allocation of New Shares under the Entitlement Offer. In the event that the Entitlement Offer is withdrawn, all Application Monies paid be refunded as soon as practicable after the withdrawal of the Entitlement Offer. No interest will be paid on any Application Monies refunded.

2.14 Warranties made on acceptance of the Retail Entitlement Offer

By making a payment by BPAY® in accordance with the instructions set out in this Booklet and the Entitlement and Acceptance Form, you will be deemed to have acknowledged, represented and warranted, for the benefit of the Company that you, and each person on whose account you are acting:

- (a) have received a copy of this Booklet and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (b) acknowledge that you have fully read and understood both this Booklet and your Entitlement and Acceptance Form in their entirety and you acknowledge the matters and make the warranties and agreements contained in this Booklet and the Entitlement and Acceptance Form;
- (c) agree to be bound by the terms of the Entitlement Offer, the provisions of this Booklet and the Constitution;
- (d) authorise the Company to register you as the holder(s) of the New Shares allotted to you;
- (e) declare that all details and statements made in the Entitlement and Acceptance Form are complete and accurate;
- (f) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement Offer;
- (g) acknowledge that once the Company receives your payment by BPAY®, you may not withdraw or vary it except as provided by law;
- (h) authorise the Company, the Registry and their respective officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Registry upon using the contact details set out in the Registry;
- (i) declare that you were the registered holder(s) of the Shares at the Record Date as set out on your Entitlement and Acceptance Form;
- (j) acknowledge that the information in this Booklet is not investment advice or a recommendation that New Shares are suitable for you, given your investment objectives, financial situation or particular needs;

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- (k) acknowledge that this Booklet is not a prospectus or other disclosure document and does not contain all of the information that you may require in order to decide whether to take up your Entitlement and is given in the context of the Company's continuous disclosure obligations to the ASX;
 - (l) acknowledge that an investment in the Company is subject to a number of risks, some of which are set out in section 4 of this Booklet;
 - (m) acknowledge that none of the Company, its related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company or the price of Shares;
 - (n) represent and warrant that the law of any other place does not prohibit you from being given this Booklet or making an application for New Shares and that you are eligible under all applicable laws to receive the offer under the Entitlement Offer without a prospectus, disclosure document, product disclosure statement or any lodgement, filing, registration or qualification;
 - (o) represent and warrant that you satisfy each of the criteria to qualify as an Eligible Retail Shareholder; and
 - (p) agree to provide (and, if applicable, direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and/or of your holding of Shares at the Record Date.

By making a payment by BPAY® in accordance with this Booklet and your Entitlement and Acceptance Form, you will also be deemed to have acknowledged, represented and warranted, for the benefit of the Company, on your own behalf and on behalf of each person for the account or benefit of which you are acting, that:

- (q) you are not in the United States and you are not acting for the account or benefit of a person in the United States;
- (r) you and each person for the account or benefit of which you are acting are New Shares outside the United States in an "offshore transaction" (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act;
- (s) you understand that the New Shares have not been, and will not be, registered under the US Securities Act or the securities law of any state of other jurisdiction in the United States, and, accordingly, the New Shares may not be offered or sold in the United States, except in a transaction exempted from, or not subject to, the registration requirements of the US Securities Act and any other applicable US state securities laws;
- (t) you understand that after the quotation of the New Shares commences, you may sell securities in standard brokered transactions on the ASX if neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been prearranged with, or that the purchaser is, a person in the United States or who is acting for the account or benefit of a person in the United States;
- (u) you and each person for the account or benefit of which you are acting have not and will not send any materials relating to the Entitlement Offer to any person: (i) in the United States or who is acting for the account or benefit of a person in the United States; or (ii) in any other country outside Australia and New Zealand (except nominees and custodians may distribute such materials to Institutional Investors in other Permitted Jurisdictions); and
- (v) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are applying for New Shares is (i) a resident of Australia or New Zealand or is an Institutional Investor in other Permitted Jurisdictions, and (ii) is not in the United States.

2.15 Further Enquiries

If you have any questions regarding the Entitlement Offer, please contact the Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) at any time from 8.30am to 5.00pm (AEDT) Monday to Friday, during the Retail Offer Period.

3 Additional Information

This Booklet (including the accompanying personalised Entitlement and Acceptance Form) have been prepared by the Company.

The information included within this Booklet is dated 7 December 2021.

There may be additional announcements made by the Company after the date of this Booklet and throughout the Retail Offer Period, which may be relevant to your consideration of whether to take up some or all, or do nothing in respect of, your Entitlement. Before paying for New Shares, you should check whether the Company has released any further announcements by visiting:

- <https://www.damstratechnology.com/investors>; or
- <https://www2.asx.com.au/markets/company/dtc>.

No party other than the Company has authorised or caused the issue of the information in this Booklet, or takes any responsibility or makes any statement, representation or undertaking in relation to the information in this Booklet.

You should consult your stockbroker, accountant or other independent and appropriately licensed professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer.

3.1 Ineligible Shareholders

The Company has determined that it is unreasonable to make offers under the Retail Entitlement Offer to each Shareholder that:

- (a) is not an Institutional Investor and has a registered address that is outside a Permitted Jurisdiction; or
- (b) is in the United States or acting for the account or benefit of a person in the United States,

having regard to the number of such holders in those places, the number and value of the New Shares that they would be offered and the cost of complying with the relevant legal and regulatory requirements in those places.

3.2 Convertible Security Holders

Holders of existing Convertible Securities will not be entitled to participate in the Entitlement Offer unless their Convertible Securities are validly converted in accordance with their terms in sufficient time to become the registered holder of Shares as at the Record Date and they are an Eligible Shareholder.

3.3 No Cooling-off

Cooling-off rights do not apply to any payment made by BPAY® in connection with the Entitlement Offer or to the acquisition of New Shares. You cannot withdraw or vary your application once payment by BPAY® has been made.

3.4 Rounding

Where fractions arise in the calculation of your Entitlement, they will be rounded up to the nearest whole number of Shares.

3.5 Effect on Share Capital

The principal effect of the Entitlement Offer on the Company's share capital will be to increase the number of Shares on issue from 198,813,130 to approximately 257,689,982 Shares following completion of the Entitlement Offer and Placement.

It is intended that the New Shares issued under the Institutional Entitlement Offer will be issued at the same time as Shares to be issued under the Placement to institutional and sophisticated investors as announced on 2 December 2021 to raise approximately \$10 million, which will result in the issue of an additional 29,423,055 Shares. (**Placement Shares**). The issue of the Placement Shares will utilise the Company's existing placement capacity under ASX Listing Rule 7.1.

The issued share capital of the Company following completion of the Entitlement Offer and the Placement is summarised in the table below:

Details	Number
Shares on issue before Placement and Entitlement Offer	198,813,130
Shares issued under the Placement	29,423,055
Shares issued under the Entitlement Offer	29,453,797
Shares on issue after completion of Placement and the Entitlement Offer	257,689,982

The final number of New Shares to be issued under the Entitlement Offer is subject to reconciliation.

3.6 Control Implications of the Entitlement Offer

The potential effect that the issue of the New Shares under the Entitlement Offer will have on the control of the Company is as follows:

- (a) if all Eligible Shareholders take up their entitlements under the Entitlement Offer, the issue of New Shares under the Entitlement Offer will have no material effect on the control of the Company and all Eligible Shareholders will hold the same percentage interest in the Company, subject only to minimal changes resulting from Ineligible Shareholders being unable to participate in the Entitlement Offer; or
- (b) if you do not take up your full Entitlement, your interest will be diluted relative to those Eligible Shareholders who do take up their Entitlement and relative to those who apply for, and are issued, Top-Up Shares under the Top-Up Facility or those who are issued Shortfall Shares in accordance with the Underwriting Agreement.

In respect of any Top-Up Shares, Eligible Retail Shareholders may apply to top-up their shareholding, by subscribing for Top-Up Shares to be issued under the Top-Up Facility at the discretion of the Directors. However, the Company will only issue such Top-Up Shares pursuant to an application received where the Directors are satisfied, in their discretion, that the issue of Top-Up Shares will not increase the Eligible Shareholder's voting power above

19.99% or otherwise result in a breach of the ASX Listing Rules, the Corporations Act or any other applicable law. Further information on the Top-Up Facility is set out in section 2.5.

The maximum number of Shares under which the Lead Manager (including sub-underwriters) will hold on completion of the Entitlement Offer is 28,130,269 Shares and a voting power of 10.92%. This is on the basis that each of Johannes Risseeuw, Christian Damstra and Morgan Hurwitz subscribed for 441,176 New Shares under the Institutional Entitlement Offer, and assuming that:

- (a) no other Shareholder takes up their Entitlements under the Entitlement Offer;
- (b) the Lead Manager is not required to subscribe for any New Shares in connection with its underwriting of the Placement; and
- (c) there is 257,689,982 number of Shares on issue in the Company on completion of the Entitlement Offer and that no other Shares are issued before completion of the Entitlement Offer (i.e. on exercise of convertible securities).

3.7 Directors Interests and Participation

Each Director's relevant interest in the securities of the Company at the date of this Booklet and their respective Entitlement is set out in the table below.

Director	Shares	Voting Power (%)	Entitlement # New Shares	Entitlement \$	Entitlement Accepted \$
Johannes Risseeuw	19,390,652	9.75%	2,872,690	\$976,714	\$150,000
Christian Damstra	19,296,596	9.75%	2,858,755	\$971,976	\$150,000
Drew Fairchild	3,162,222	1.59%	468,478	\$159,282	nil
Morgan Hurwitz	3,583,333	1.80%	530,865	\$180,493	\$150,000
Simon Yencken ¹	1,244,444	0.89%	N/A	N/A	N/A
Sara La Mela	Nil	N/A	N/A	N/A	N/A

¹ Simon Yencken is based in the U.S. and as a result, was not eligible to participate in the Entitlement Offer.

3.8 Reconciliation and Rights of the Company

The Company reserves the right to reduce the size of an Entitlement, or the number of New Shares, or deny persons claiming to be Eligible Shareholders or other applicable investors some or all of their Entitlement, if the Company believes in its absolute discretion that their claims are overstated or inaccurate or if they, or their nominees, fail to provide information requested to substantiate their claims. The relevant Shareholder will bear any and all losses caused by subscribing for New Shares, and any actions they or the Company are required to take in this regard.

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By applying under the Retail Entitlement Offer, those doing so irrevocably acknowledge and agree to provide any information required by the Company, in its absolute discretion, to substantiate their qualification as an Eligible Retail Shareholder. Those applying acknowledge that there is no time limit on the ability of the Company to require any of the actions set out above.

3.9 Underwriting Arrangements

The Company has entered into an underwriting agreement with the Lead Manager (**Underwriting Agreement**), pursuant to which the Lead Manager has agreed to be the sole and exclusive bookrunner, lead manager and underwriter to both the Entitlement Offer and the Placement on the terms and conditions of the Underwriting Agreement.

The Lead Manager will be paid the following fees (excluding GST) for providing these services:

- an underwriting fee of 2% of funds raised under the Entitlement Offer and the Placement; and
- a management fee of 3% of funds raised under the Entitlement Offer and the Placement.

The Company must also pay to the Lead Manager other reasonable costs and expenses including legal and out-of-pocket expenses incurred by the Lead Manager in relation to the Entitlement Offer and Placement.

The Lead Manager's obligation to underwrite the Retail Entitlement Offer is conditional on the satisfaction or waiver of the following conditions:

- (a) the Company delivering various information, certificates and a US legal opinion by specific times in the Timetable;
- (b) ASX not indicating that it will not grant permission for the official quotation of the New Shares to be issued:
 - (i) in respect of the Institutional Entitlement Offer on or before 2.00pm on the Institutional Settlement Date; and
 - (ii) in respect of the Retail Entitlement Offer on or before 2.00pm on the Retail Settlement Date; and
- (c) the Company lodging an Appendix 2A and cleansing statement, and issuing the New Shares in connection with the Institutional Entitlement Offer and the Placement, by specific times in the Timetable.

The Lead Manager may, in certain circumstances, terminate the Underwriting Agreement and be released from its obligation to underwrite the Entitlement Offer on the happening of certain events, including (but not limited to) where:

- (a) **(misleading or deceptive disclosure or conduct)** the Company engages in conduct that is misleading or deceptive or which is likely to mislead or deceive in connection with the making of the Entitlement Offer or the Placement;
- (b) **(information)** any information supplied by or on behalf of the Company to the Lead Manager for the purposes of the Offer, is false, misleading or deceptive;
- (c) **(Offer Cleansing Statements)** a cleansing statement issued in connection with the Entitlement Offer or Placement is defective, or a corrective statement is required to be issued under the Corporations Act (other than as a result of a new circumstance arising);

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- (d) **(adverse change)** any material adverse change, or development (including but not limited to any regulatory change) or event involving a prospective change, in the condition, financial or otherwise, or in the assets, liabilities, earnings, business, operations, management, profits, losses or prospects of the Company, or the Company Group;
 - (e) **(market fall)** the ASX/S&P 300 Index falls by 10% or more at any time from its level at market close on the Business Day immediately preceding the date of this document;
 - (f) **(future matters)** any estimate or expression of opinion, belief, expectation or intention, or statement relating to future matters (including any forecast or prospective financial statements, information or data or the assumptions or sensitivity in relation thereto) in any Offer Materials is or becomes incapable of being met or, in the reasonable opinion of the Lead Manager, unlikely to be met in the projected timeframe;
 - (g) **(unable to proceed)** the Company is or will be prevented from conducting or completing, or becomes unwilling or unable to conduct or complete, the Offer (including granting the Entitlements or issuing New Shares) by or in accordance with the Listing Rules, ASIC, ASX, any applicable laws or an order of a court of competent jurisdiction;
 - (h) **(force majeure)** there is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any Government Agency which makes it illegal for the Lead Manager to satisfy an obligation under this document, or to market, promote or settle the Entitlement Offer or Placement;
 - (i) **(listing):**
 - (i) the Company ceases to be admitted to the official list of ASX or the Shares (or interests in them) cease trading or are suspended from official quotation or cease to be quoted on the ASX (other than a voluntary suspension requested by the Company and consented to by the Lead Manager to facilitate the Entitlement Offer or Placement (such consent not to be unreasonably withheld or delayed)); or
 - (ii) ASX makes any official statement to any person, or indicates to the Company or the Lead Manager that it will not grant permission for the official quotation of the New Shares to be issued in connection with the Entitlement Offer or the Placement (including any offers of shortfall securities); or
 - (iii) permission for the official quotation of the New Shares to be issued in connection with the Entitlement Offer or the Placement (including any offers of shortfall securities) is subsequently withdrawn, qualified or withheld;
 - (j) **(applications)**
 - (i) an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer Materials or the Offer or ASIC commences, or gives notice of an intention to hold, any investigation or hearing in relation to the Offer or any of the Offer Materials or prosecutes or commences proceedings against or gives notice of an intention to prosecute or commence proceedings against the Company; or
 - (ii) there is an application to a Government Agency (including, without limitation, the Takeovers Panel) for an order, declaration (including, in relation to the

Takeovers Panel, of unacceptable circumstances) or other remedy in connection with the Entitlement Offer or Placement (or any part of it) or any agreement entered into in respect of the Entitlement Offer or Placement (or any part of it);

- (k) **(withdrawal)** the Company withdraws or indicates that it does not intend to proceed with any part of the Entitlement Offer or the Placement or withdraws a document forming part of the Offer Materials;
- (l) **(Certificate)** any certificate which is required to be furnished by the Company to the Lead Manager under the Underwriting Agreement is not furnished when required or is untrue, incorrect or misleading;
- (m) **(delay)** any event specified in the Underwriting Agreement (including in the Timetable) to occur:
- (i) before, or on, the Institutional Issue Date is delayed by 1 day or more; or
 - (ii) after the Institutional Issue Date is delayed by 2 days or more,
- in each case, without the prior written consent of the Lead Manager;
- (n) **(unauthorised change)** the Company or a Company Group Member ceases or threatens to cease to carry on business or alters its capital structure, other than as contemplated in the Investor Presentation;
- (o) **(change in directors or management)** a change to the chief executive officer or chief financial officer or the board of directors of the Company occurs, or any such changes are announced without the prior written consent of the Lead Manager;
- (p) **(prosecution)** any of the following occurs:
- (i) a director or senior member of management of the Company engages in any fraudulent conduct or activity, or is charged with an indictable offence;
 - (ii) any Government Agency commences any public proceedings against the Company or any director in their capacity as a director of the Company, or announces that it intends to take such action; or
 - (iii) any director of the Company is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
- (q) **(Encumbrance)** a person encumbers or agrees to encumber, the whole or a substantial part of the business or property of the Company; or
- (r) **(Insolvency)** an insolvency event occurs to a Company Group Member or there is an act which has occurred or any omission made which would result in an insolvency event occurring in respect of any Company Group Member.

Additionally, the Lead Manager may terminate the Underwriting Agreement where it believes that any the following events occurs and in the Lead Manager's reasonable opinion, has or will have, a material adverse effect on the Company or the Entitlement Offer and Placement or the Lead Manager will or is likely to contravene, be involved in a contravention of, or incur a liability under the Corporations Act or any other applicable law as a result of the event:

- (a) **(new circumstance)** an obligation arises on the Company to give ASX a notice in accordance with section 708AA(12) of the Corporations Act or a new circumstance arises or becomes known which, if known at the time of issue of the Investor

Presentation and cleansing statement would have been required to be included in the Investor Presentation or the cleansing statement;

- (b) **(change of law)** there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this document), any of which does or in the reasonable opinion of the Lead Manager is likely to prohibit or adversely affect or regulate the Entitlement Offer or the Placement, capital issues or stock markets or the Lead Manager's ability to promote or market the Entitlement Offer or the Placement or enforce contracts to issue or allot the New Shares in connection with the Entitlement Offer or the Placement, or adversely affect the taxation treatment of the New Shares in connection with the Entitlement Offer or the Placement;
- (c) **(market disruption)** either of the following occurs:
- (i) a general moratorium on commercial banking activities in Australia, the United States of America, Singapore or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
 - (ii) trading in all securities quoted or listed on ASX, the London Stock Exchange, or the New York Stock Exchange is suspended or limited in a material respect for more than one day on which that exchange is open for trading;
- (d) **(hostilities)** hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom or Singapore or a major act of terrorism is perpetrated on any of those countries anywhere in the world;
- (e) **(political or economic conditions)** the occurrence of any adverse change or disruption to financial, political or economic conditions, currency exchange rates or controls or financial markets in Australia, New Zealand, the United States of America, the United Kingdom or Singapore or elsewhere or any change or development involving a prospective adverse change in any of those conditions or markets;
- (f) **(pandemic)** a pandemic, epidemic or large-scale outbreak of a disease (including without limitation SARS, swine or avian flu, H5N1, H7N9, COVID-19 or a related or mutated form of these) not presently existing occurs or in respect of which there is a major escalation, involving any one or more of Australia, New Zealand, a member of the European Union, the United States of America, United Kingdom or Singapore;
- (g) **(representations and warranties)** a representation and warranty given by the Company under the Underwriting Agreement is untrue or incorrect when given or taken to be given or becomes untrue or incorrect;
- (h) **(breach)** the Company fails to perform or observe any of its obligations under the Underwriting Agreement;
- (i) **(compliance)**:
- (i) a contravention by the Company or any Company Group Member of the Corporations Act, the Constitution (or equivalent applicable documents), the Listing Rules, any applicable laws, or a requirement, order or request made

by or on behalf of the ASIC, ASX or any other Government Agency or any agreement entered into by it; or

- (ii) any Offer Material or any aspect of the Offer does not comply with the Corporations Act, the Listing Rules, the ASX Waivers or any other applicable law or regulation.

Subject to certain exceptions, the Company has agreed to indemnify the Lead Manager, its affiliates and related bodies corporate, and each of its directors, officers, employees and partners (each an **Indemnified Party**) from and against (i) all losses directly or indirectly suffered or incurred by an Indemnified Party, and (ii) all claims made or awarded against an Indemnified Party, arising out of or in connection with the Entitlement Offer or the Placement. The Underwriting Agreement also contains covenants, warranties, representations and other terms customary for an agreement of this nature.

Neither the Lead Manager, nor any of its related bodies corporate and affiliates, nor any of its directors, officers, partners, employees, representatives or agents (each an **LM Party** and collectively the **LM Parties**) have authorised or caused the issue or lodgement, submission, despatch or provision of this Booklet, and there is no statement in this Booklet which is based on a statement made by an LM Party. To the maximum extent permitted by law, each LM Party expressly disclaims all liabilities in respect of, and makes no representation or warranty as to the currency, accuracy, reliability or completeness of this Booklet. To the maximum extent permitted by law, the LM Parties exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and this Booklet being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. None of the LM Parties makes any recommendations as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties concerning this Entitlement Offer or any such information and you represent, warrant and agree that you have not relied on any statements made by any of the LM Parties in relation to the New Shares or the Entitlement Offer generally.

3.10 Use of Funds Raised

The funds raised by the Company under the Entitlement Offer and the Placement will be used as follows:

Use of funds	A\$ million
Support growth in sales capability and resources, especially in the North American market	5.3
Ensure availability of funds for TIKS deferred consideration	3.5
Further investment into development of the Enterprise Protection Platform	3.4
General working capital purposes	6.3
Costs of the Offer	1.5
Total	20.0

3.11 Foreign Jurisdictions

This Booklet is intended for use only in connection with the Retail Entitlement Offer to Eligible Retail Shareholders with a registered address in Australia or New Zealand. This Booklet does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

No action has been taken to register or qualify the Entitlement Offer or the New Shares, or otherwise permit the offering of New Shares, in any jurisdiction other than Australia.

Distribution of this Booklet outside Australia and New Zealand may be restricted by the securities laws of other jurisdictions. Any non-compliance with these restrictions may contravene applicable securities laws.

3.12 New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing Shareholders with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2021*.

This Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013*. This Booklet is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

3.13 ASX Listing

Subject to approval being granted, quotation of the New Shares issued under the Retail Entitlement Offer is expected to commence on Friday, 24 December 2021 (on a normal settlement basis).

Holding statements will be despatched in accordance with the ASX Listing Rules. It is the responsibility of each applicant to confirm their holding before trading in New Shares. Any applicant who sells New Shares before receiving confirmation of their holding in the form of a holding statement will do so at their own risk.

The Company and the Lead Manager disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares (including Top-Up Shares) before receiving their holding statements, whether on the basis of confirmation of the allocation provided by the Company, the Lead Manager, the Registry or otherwise.

The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

3.14 CHESS

The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Booklet. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

3.15 Taxation Implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Booklet. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under the Entitlement Offer.

3.16 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX and, as such, the Company is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules.

Specifically, the Company is required to notify ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the securities markets conducted by the ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities.

This Booklet is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for Shares under the Entitlement Offer. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from the ASX website: <https://www2.asx.com.au/markets/company/dtc>.

Additionally, the Company is also required to prepare and lodge with ASIC yearly, half-yearly and quarterly financial statements accompanied by a directors’ statement and report, and an audit report or review. These reports are released to ASX and published on the Company’s and the ASX websites.

3.17 Refunds

If you are entitled to a refund of all or any of your Application Monies, the refund will be paid to you, without interest, as soon as practicable:

- (a) by electronic funds transfer if Australian bank account details are recorded with the Registry as at the Retail Settlement Date; or
- (b) if Australian bank account details are not recorded with the Registry as at the Retail Settlement Date, by cheque, posted to your registered address recorded with the Registry as at the Retail Settlement Date.

The Company strongly encourages all Shareholders to update the Registry with your correct bank account details or ensure that the correct postal address details are recorded in the Registry prior to the Retail Settlement Date to ensure that any refunds are processed and received correctly and efficiently.

Refunds of less than \$2.00 will not be paid to shareholders.

3.18 Governing Law

The information in this Booklet, the Entitlement Offer and the contracts formed upon acceptance of the Retail Entitlement Offer pursuant to the personalised Entitlement and Acceptance Form are governed by the law applicable in Victoria. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Victoria.

3.19 Notice to Nominees and Custodians

Nominees and custodians should note in particular that the Retail Entitlement Offer is not available to Eligible Institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not), Shareholders who were treated as Ineligible Institutional Shareholders under the Institutional Entitlement Offer, and Ineligible Retail Shareholders.

Nominees and custodians for other persons may not take up Entitlements on behalf of, or send any documents relating to the Retail Entitlement Offer to, any person in the United States or other jurisdiction outside Australia or New Zealand, except to Institutional Investors in other Permitted Jurisdictions.

4 Risks

An investment in the Company is subject to risks both specific to the Company and its business activities and is also subject to general risks. Each of these risks could, if they eventuate, have a material adverse impact on the Company's business, financial position, operating and financial performance and the value of the Company's Shares. Many of the circumstances giving rise to these risks are beyond the control of the Company and its Directors and management.

You should note that the risks described in this section are not the only risks faced by the Company. Additional risks (including risks of which the Company and its Directors are currently unaware) also have the potential to have a material adverse effect on the Company's business, financial position, operating and financial performance and the value of its Shares.

Before deciding whether to invest in the Company, you should read this Booklet and the Investor Presentation carefully and in their entirety, and satisfy yourself that you have a sufficient understanding of the actual and potential risks associated with such an investment. You should consider whether an investment in the Company is suitable for you, having regard to your personal circumstances, investment objectives, financial circumstances, taxation position and particular needs. If you do not understand any part of this Booklet or the Investor Presentation or are in any doubt as to whether to invest in the Company, you should seek professional advice from your stockbroker, accountant, lawyer, financial adviser or other independent professional adviser.

4.1 Business and industry risks

(a) Cyber security incidents

The use of information technology is critical to our ability to deliver our products and services to clients and the growth of our business. It is possible that the measures we take to prevent technology breaches may prove to be inadequate which may result in cyber-attacks, unauthorised access to data, financial theft and disruption to business-as-usual services. Any accidental or deliberate security breaches or other unauthorised access to our information technology systems or client data may result in reputational damage, a loss of confidence in the services we provide, a disruption of services to clients, claims by clients, loss of clients, theft, misappropriation of funds, legal action and regulatory scrutiny. We may also incur costs as a result of rectifying system vulnerabilities or introducing additional safeguards to minimise the risk of future security breaches. Any of these events could adversely impact our reputation, business and financial performance.

In addition, our products involve the storage and transmission of our clients' confidential and proprietary data including intellectual property, confidential business information, personally identifiable information (**PII**) regarding the employees and sub-contractors of our clients and other confidential information. Our business could be materially impacted by security breaches of our clients' data by unauthorised access, theft, destruction, loss of information, misappropriation, misrepresentation or release of confidential client data or PII. There is also a risk that any measures we take may not be sufficient to prevent or detect unauthorised access to, or disclosure of, such PII, confidential or proprietary data. Any of these events could cause a material disruption to our business and operations. This may also expose us to reputational damage, legal claims by clients, regulatory investigations or fines and termination of contracts, any of which could materially impact our operating and financial performance. There is no guarantee that insurance will be adequate to cover potential financial exposures for one of more of these circumstances.

Finally, any security or data issues experienced by other cloud software companies globally could adversely impact clients' trust in cloud solutions generally and could adversely affect our ability to migrate clients to our cloud platform.

(b) Failure to effectively attract new or retain existing clients

Our business depends on our ability to retain existing clients, attract further business from existing clients and to gain new clients. There is a risk our existing clients reduce their usage of our solution, for example, in terms of the number of licences, the number of sites on which our solution is present, including in new geographies, and/or the number of services or modules used. This would result in a reduction in the level of payments they make to us. Whilst many of our clients are on fixed term contracts, there is a risk that these contracts are not renewed or are terminated, which may result in a decrease in our revenue. There is also a risk that new clients fail to select the Company's solution for their business.

Our ability to retain existing clients and attract new clients, as well as our clients' level of usage of our solution, depends on many factors including the adequacy of our solution with respect to matters such as functionality, reliability, cost-effectiveness, pricing, client support and value compared to competing products. In addition, clients' use of our solution may be affected by external factors such as changes to laws and regulations which affect our clients' business. If our clients do not continue to use our solution or increase their use over time, or if new clients do not choose to use our solution, the growth in our revenue may slow or decline.

(c) Lack of success of sales and marketing strategy

Our business is partly dependent on the conversion of client sales from investment in sales and marketing campaigns and initiatives, which is expected to continue to increase as our business grows. Furthermore, our strategic target is to grow revenue from outside Australia. Promoting awareness of our brand and reputation, specifically outside Australia, is critical to our success as an integrated, SaaS-based workforce management solutions provider. We may not realise benefits from such investments for several years or may not realise benefits from such investments at all. Failure to realise the intended benefits from sales and marketing investment could negatively impact our ability to attract new clients and may adversely impact our operating and financial performance.

(d) Pricing risk

We primarily generate revenue by charging annual hardware and software subscription fees to our clients for the length of their contract, based on the type of products or modules chosen by the client and the number of licences they require. Upon expiry of their contract, our clients may try to renegotiate contract terms for more favourable provisions including price discounts which would result in a direct reduction in the payments they make to us and have a negative impact on our financial performance. While the Company may resist such attempts to renegotiate prices, business economics, market conditions or competitive forces may dictate such terms need to be accepted.

(e) Reliance on up-take of SaaS-based workforce management software solutions

Our future revenue growth depends, in part, on the increasing adoption of SaaS-based workforce management software solutions. It may be difficult for us to persuade potential clients to change existing on-premise, manual paper-based or point solutions and adopt our integrated hardware and software solutions. If our solutions are not accepted or used by more organisations or if the market for such solutions fails to grow as expected, our platform could be adversely affected and revenue growth may slow, which could negatively impact our business, operations and financial performance.

(f) Failure to adequately maintain and develop our workplace management solution

Our business model depends on our ability to continue to ensure that clients are satisfied with our workplace management solution. There is a risk that we fail to maintain our workplace management system adequately, or that updates or company operations or processes may introduce errors and / or performance issues, causing client satisfaction in our solution to fall. Client satisfaction may also fall as a result of real or perceived reductions in functionality, product quality, reliability, cost-effectiveness, and client support for our solution, or a failure to accommodate and reflect changes and developments in technology and in the commercial, compliance and regulatory environment. Any of these factors may result in reduced sales and usage, loss of clients, damage to our reputation, an inability to attract new clients and potential claims for compensation.

Our future growth may also depend on our ability to develop enhancements and new features for our solution so that it continues to satisfy client needs, attract new clients and generate additional revenue from increased usage. There is a risk that the development and introduction of new features and modules does not result in a successful outcome for us due to various reasons, including insufficient investment, unforeseen costs, poor performance and reliability, low client acceptance, existing competition or economic and market conditions. The failure to successfully develop new product features and modules may have a materially adverse impact our future operations and financial performance.

(g) Disruption or failure of technology systems and software

Both we and our clients are dependent on the performance, reliability and availability of our technology platforms, data centres and global communications systems (including servers, the internet, hosting services and the cloud environment in which we provide our products). There is a risk that these systems may be adversely affected by disruption, failure, service outages or data corruption that could occur as a result of computer viruses, “bugs” or “worms”, malware, internal or external misuse by websites, cyber-attacks or other disruptions including natural disasters, power outages or other similar events. These events may be caused by events outside of our control, and may lead to prolonged disruption to our platform, or operational or business delays and damage to our reputation. This could potentially lead to a loss of clients, legal claims by clients, and an inability to attract new clients, any of which could have a materially adverse impact our business, operations and financial performance.

(h) Failure to realise benefits from research and development

We have invested significantly in research and development over the last 21 years, and we expect to continue to do so in the future in order to further expand and improve our solution and to maintain our competitive position.

When investing in research and development we make certain assumptions about the expected future benefits generated by our investment and the expected timeframe in which such benefits may be realised. These assumptions are subject to change and involve both known and unknown risks that are beyond our control. Any change to these assumptions may have an adverse impact on our ability to realise benefits from innovation and product development related costs.

(i) Failure to protect our intellectual property rights

The value of our solution is dependent on our ability to protect our intellectual property, including business processes, know-how, copyrights and trademarks. There is a risk that we may be unable to detect the unauthorised use of intellectual property rights in all instances. In addition, actions to protect our intellectual property may not be adequate or enforceable and this may not prevent the misappropriation of our intellectual property and propriety information. A breach of our intellectual property may result in the need for us to commence legal action which could be costly, time consuming and potentially difficult to enforce in certain jurisdictions or may ultimately prove unfavourable to us. Our failure to protect our intellectual property rights could have an adverse impact on our operations and financial performance.

(j) Breach of third party intellectual property rights

There is a risk that third parties may allege that our products use intellectual property derived by them or from their products without their consent or permission. We may be the subject of claims which could lead to disputes or litigation, which could result in the payment of monetary damages, cause delays and increase costs, which in turn could have an adverse impact on our operations, reputation and financial performance.

(k) Inability to attract or retain key personnel

Our success is dependent upon the ongoing retention of key personnel, including the current CEO, Christian the Company, the current Executive Chairman, Johannes Risseuw, as well as members of the senior management and product teams. In addition, there is a risk that we may not be able to attract and retain key personnel or be able to find effective replacements for those key personnel in a timely manner, or have a well defined succession plan in place. The loss of such personnel, or any delay in their replacement, could have a materially adverse impact on management's ability to operate the business and achieve our growth strategies and prospects, including through the development and commercialisation of new solutions or modules. The loss of key personnel could also have an adverse impact on our operations, the potential loss of key client relationships, potential loss of business process knowledge and financial performance.

(l) Litigation, claims, disputes and regulatory investigations

We have offices, agreements or arrangements with employees, clients and suppliers, in several jurisdictions around the world. These arrangements and our activities in relation to them may be subject to local laws which differ from jurisdiction to jurisdiction. There is a risk we may be subject to litigation and other claims and disputes in the course of our business, including contractual disputes and indemnity claims, misleading and deceptive conduct claims, intellectual property disputes and employment related claims. There is also a risk we may be subject to regulatory investigations and sanctions or fines by governmental agencies in the event of non-compliance with relevant statutory or regulatory requirements. Such investigations, sanctions or fines may be as a result of how we employ people (for example whether we appropriately characterise people as employees or contractors and have paid or withheld appropriate amounts of tax, or occupational health and safety investigations) or how we advertise our products, or in relation to licensing or other compliance requirements.

Such litigation, claims, disputes or investigations, including the costs of settling claims or paying sanctions or fines, and any associated operational impacts, may be costly and damaging to our reputation and business relationships, any of which could have an adverse effect on our financial performance, position or industry standing.

(m) Foreign exchange fluctuations

Our financial statements are presented in Australian dollars. We have a portion of current sales revenue denominated in currencies other than the Australian dollar, most notably United States and New Zealand dollars. As a result, our revenue is increasingly sensitive to movements in the exchange rate between these currencies and the Australian dollar. The

proportion of revenue denominated in currencies other than the Australian dollar may increase over time as we continue to grow and to expand into overseas jurisdictions. At present, we do not hedge this exposure, and as a result any changes in the exchange rates in the jurisdictions in which we operate may adversely impact our business, operations and financial performance.

(n) Due diligence, warranty and integration risks associated with business acquisitions

We have recently completed strategic acquisitions of both Vault and TIKS and may seek to undertake further acquisitions in the future. While we will attempt to undertake all reasonable and appropriate due diligence in respect of any acquisition opportunities, there is a risk that our due diligence and analysis may be incomplete or inaccurate, warranties or indemnities cannot be obtained, or that the benefits and synergies we anticipate from such acquisitions may not be realised due to a variety of factors. Whilst we will endeavour to obtain customary warranties and indemnities in relevant transaction documentation, there is a risk that potential issues are subsequently uncovered and that these risks cannot be fully mitigated by such contractual protections. If an unforeseen liability arises in respect of which we are not able to rely on contractual protections, this may adversely affect our financial and operating performance.

We intend to integrate strategic acquisitions, which includes the process of transitioning clients of the acquired business, onto our solution. There is a risk that clients of acquired businesses do not successfully transition onto our solution, which may be due to their unwillingness to pay a higher price for our services, or do not believe there is an operational need to make the change. There is also a risk that the transition process requires significantly more financial and management resources, or time to complete, than originally planned. We may also implement certain aspects of the acquired business or products to enhance our existing business where considered appropriate. Future expansion by acquisition may be affected by factors beyond our control, which may result in there being limited or unsuitable acquisition opportunities at the relevant time. There can be no assurance that suitable future acquisition opportunities will arise, or if they do arise, that they will be able to be made on acceptable terms.

In addition, there is a risk that the acquisitions may fail to meet our strategic and financial objectives, generate the synergies and benefits that we expected, or provide an adequate return on the purchase price and resources invested in them. This may occur due to a variety of factors, including poor market conditions, poor integration of personnel, personnel losses, client losses, technology impacts or other integration barriers.

Any of the above factors, either individually or in combination, may have an adverse effect on our future operations and financial performance.

(o) Ability to access capital markets or refinance debt on attractive terms

We have historically relied on debt and equity funding to help fund our business operations. Our banking facilities will require refinancing at regular intervals. We may also seek to raise additional debt finance or new equity in the future to maintain or grow our business. Any deterioration in the level of liquidity in the debt and equity markets may prevent us from being able to refinance some or all of our debt (if at all), or raise new equity, on favourable terms or otherwise. This may adversely impact our business, operating and financial performance.

(p) Increased competitive pressures

We compete against other single and multi-point workforce management solution providers, as well as with global enterprise software companies and in-house developed solutions. The broader workforce management solutions market is evolving, fragmented along product and geographical lines and becoming increasingly competitive. In addition, some of our existing and potential competitors have significantly more financial and operational resources than ourselves.

We face the risk that:

- For personal use only
- (i) We fail to increase adoption and usage of our solution compared to that of our competitors;
 - (ii) Our solution fails to meet the expectations of our clients or we fail to implement changes to satisfy the changing expectations of our clients, relative to our competitors;
 - (iii) We fail to anticipate and adapt to technology changes as quickly as our competitors;
 - (iv) Technological advancements could make our products obsolete;
 - (v) Our competitors enhance their product offering to improve their competitive positioning relative to ourselves by increasing the functionality of their solutions or increasing the number of modules they offer to clients;
 - (vi) Existing or potential competitors increase their market share through aggressive marketing campaigns, product innovation or development, improved functionality, price discounting or acquisitions;
 - (vii) New entrants into the workforce management solutions market could develop solutions which compete directly with the Company; and
 - (viii) In-house developed solutions may become preferred to outsourced workforce management solutions.

If any of these risks arise, we may compete less effectively against our competitors which could reduce our market share and our ability to develop or secure new clients. This could have an adverse impact on our business, operations and financial performance.

(q) Loss of key clients and arrangements

Our business relies on a number of key contracts and arrangements. Any failure to maintain, renew or replace key contracts and arrangements on commercially acceptable terms, or any failure by a party (including ourselves) to perform its obligations under such contracts or arrangements, could have a material adverse effect on our business, operations and financial performance. There is a risk that we may lose key contracts and arrangements for a variety of reasons. Certain key contracts and arrangements may be terminated by the counterparty for convenience. In these cases, we may not have contractual certainty in respect of the term of the relevant contract or arrangement or the operation of such contract or arrangement. As a result, these contracts and arrangements may give rise to a greater risk of unexpected termination or renegotiation of key commercial terms, or disputes. In addition, there is a risk that we may lose key contracts and arrangements due to a breach of contract by either the relevant counterparty or ourselves. Unless the necessary consents or waivers of the relevant counterparties are obtained, such counterparties may seek to exercise or enforce rights under or in respect of the relevant contracts or arrangements, including rights of termination and/or damages claims for breach of contract. The enforcement of such rights, may have an adverse impact on our revenue and financial performance.

(r) Failure to manage growth

We have experienced a period of considerable growth in revenue, employee numbers and users of the solution. Based on our projections, we expect further growth in the future which could place strain on current management, operational and finance resources as well as the infrastructure supporting our solution. Failure to appropriately manage growth could result in failure to retain existing clients and a failure to attract new clients, which could adversely affect our operating and financial performance.

(s) Reliance on third party information technology suppliers

We rely on certain contracts with third party suppliers AWS and Microsoft Azure, to maintain and support our information technology infrastructure, particularly related to our cloud services. In particular, we rely on third party suppliers for the provision of database and software infrastructure. Any failure or disruption to the services provided from or termination of contracts for any reason with third party service providers could negatively impact our operating and financial performance. It could also expose us to claims for loss and damage from our clients that may exceed the amounts that we are entitled to recover from the third-party service providers.

(t) Compliance with laws and regulations

Our business is subject to a range of laws, including in relation to privacy and data protection as well as other matters. Many of these laws and regulations are constantly evolving and are subject to change and uncertain interpretation. In addition, new laws and regulations may be implemented in the future that could impact our business. Whilst we are increasingly focusing attention on the development of internal compliance with legal and regulatory requirements, these may not currently be sufficiently sophisticated enough to ensure compliance with all relevant laws and regulations across all the jurisdictions we operate in and cannot confirm that we are materially compliant with all such laws. It is also possible that our developing compliance structures may not yet be or become sufficient to ensure that our business complies with all such applicable laws or regulations or enables our business to address the changing regulatory environment and any changing expectations from government regulators or that certain acts or omissions in the future otherwise result in noncompliance with all applicable laws and regulations. Any past, current or future violations of applicable laws and regulations (whether in or outside of Australia) may have a material adverse effect on our reputation, financial performance and business operations. There is also a risk that changes to the legal and regulatory environment which affects our business may require us to incur additional costs in order to comply with those laws and regulations.

(u) Failure to keep abreast of changes in political, compliance and regulatory environments

Our business is influenced and affected by global laws and government policy. There is a risk that we may fail to keep abreast of these potential changes, which could have an adverse impact on our business and operations. In particular, global laws and regulations regarding data privacy and internet regulation are continuing to evolve. Any new or altered laws or regulations which affect our business could require us to increase spending and employee resources on regulatory compliance and / or change our business practices, which could adversely affect our operations and profitability. Further, there is a risk that clients reduce their usage of our products, or we fail to attract new clients, if we fail to build into our product appropriate coverage of existing compliance or regulatory requirements sought by our clients which we do not currently cover or features or innovation which adequately addresses changes and developments in compliance and regulatory requirements.

(v) Future government regulations and legal requirements

There is a risk that laws and regulations may be adopted with respect to our products, covering issues such as user privacy, the content and quality of products and services, intellectual property rights, and information security which could limit our proposed scope of activities.

(w) Operations in foreign jurisdictions or unfamiliar markets

We currently operate in certain overseas jurisdictions and are seeking to expand into various other foreign countries. These foreign jurisdictions may be subject to a range of different legal and regulatory regimes. As we expand our presence into international jurisdictions, we will be subject to the risks associated with doing business in regions which may have political, legal and economic instability or less sophisticated legal and regulatory systems and frameworks, including (i) unexpected changes in, or inconsistent application of, applicable foreign laws and regulatory requirements; (ii) less sophisticated technology standards; (iii) difficulties engaging local resources; and (iv) potential for political upheaval or civil unrest.

In addition, there is a risk that we may fail to understand the laws, regulations and business customs of these regions. There is also a risk that we could face legal, tax or regulatory sanctions or reputational damage as a result of any failure to comply with (or comply with developing interpretations of) applicable laws, regulations, codes of conduct and standards of good practice. This gives rise to risks including, but not limited to, labour practices, foreign ownership restrictions, tax regulation, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal and regulatory regimes and other issues in foreign jurisdictions in which we currently or may operate. A breach in any of these areas could result in fines or penalties, the payment of compensation or the cancellation or suspension of our ability to carry on certain activities or product offerings could interrupt or adversely affect parts of our business and may have an adverse effect on our business, operations and financial performance.

(x) Platform capacity

Clients' use of our solution can vary from time to time depending on each client's business requirements. There is a risk that at any one time, a spike in utilisation volumes could mean that demand for our products exceeds the capacity of our platform and infrastructure capability, which in turn could result in a service outage, loss of client data or the inability for workers to access certain sites. The failure to manage these risks could result in client dissatisfaction, impose difficulty in attracting new clients as well as having an adverse impact on our operations and financial performance.

(y) Decline in construction and mining sector and economic conditions

A decline in regional and global construction and mining volumes and recessionary economic conditions may adversely affect our financial performance. A number of our clients operate in the construction and mining sectors. These sectors can be affected by various economic and political factors as well as general economic conditions. Any downturns in construction activity or declines in commodity prices could negatively impact client demand for our solution and therefore adversely impact our operating and financial performance.

There is also a risk that a downturn in economic conditions could negatively impact our clients, therefore reducing their usage of our solution. This may adversely impact our business, financial performance and operations.

4.2 General risks of an investment in Shares

(a) Price of Shares may fluctuate

The Company is a publicly listed company on the ASX, and as a result, is subject to general market risk that is inherent in all securities listed on a stock exchange. This may result in fluctuations in our Share price that are not explained by our fundamental operations and activities.

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price of Shares will increase, even if our earnings increase. Some of the factors which may adversely impact the price of the Shares include fluctuations in the domestic and international market for listed securities, general economic conditions including gross domestic product growth, interest rates, inflation rates, foreign currency fluctuations, commodity and oil prices, changes to fiscal, monetary or regulatory policies and settings, changes in legislation or regulation, inclusion in or removal from market indices, variations in sector performance, which can lead to investors exiting one sector in preference for another, initiatives by other sector participants which may lead to investors switching from one stock to another, the nature of the markets in which we operate and general operational and business risks.

Deterioration of general economic conditions may also affect our business operations, and the consequent returns from an investment in Shares.

(b) Trading in Shares might not be liquid

There can be no guarantee that an active market for Shares will continue or that the price of Shares will increase. There may be relatively few potential buyers or sellers of Shares on the ASX at any time.

This may increase the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid.

(c) Inability to pay dividends

Our ability to pay dividends or make other distributions in the future is contingent on our profits and certain other factors, including the capital and operational expenditure requirements of the business. Therefore, there is no assurance that dividends will be paid. Moreover, to the extent that we pay any dividends, our ability to offer fully franked dividends is contingent on making taxable profits. Our taxable profits may be difficult to predict, making the payment of franked dividends unpredictable.

The value of franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year, will depend on the individual tax position of each Shareholder.

(d) Risk of unauthorised transactions

An investment in any company that relies on its personnel carries a risk that management fraud, employee fraud, and illegal and unauthorized acts may take place, or that employees may use assets or act outside of their authority, any or all of which could lead to reputation degradation in the marketplace or even legal implications and/or financial loss.

(e) Lack of access to information, requisite skills and leadership

An investment in any company that relies on its personnel carries a risk that the personnel responsible for managing and controlling an organization or a business process do not possess the requisite knowledge, skills and experience needed, or have access to the information required, to ensure that critical business objectives are achieved and significant business risks are reduced to an acceptable level. Similarly, there is also a risk that the people responsible for important business processes do not or cannot provide the leadership, vision, and support necessary to help employees be effective and successful in their jobs.

There is also a risk that, from time to time, managers and employees are not properly lead, do not know what to do (or how to do it) when they need to do it, exceed the boundaries of their defined authorities, do not have the resources, training and tools necessary to make effective decisions or are given incentives to do the wrong thing.

(f) Shareholder dilution

In the future, we may elect to issue Shares (including pursuant to employee and management incentive arrangements) or engage in fundraising activities for a variety of reasons, including to fund acquisitions or growth initiatives. While we will be subject to the constraints of the ASX Listing Rules regarding the percentage of our capital that we are able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as result of such issues of Shares and fundraisings.

(g) Changes in tax rules or regulations

Tax laws may change in the future. Any changes to the current rates of taxes imposed on us are likely to affect returns to Shareholders. An interpretation of tax laws by the ATO, or any other relevant authority or body, that is contrary to our views of those laws, may increase the amount of tax to be paid or cause changes in the carrying value of tax assets or liabilities in our financial statements. In addition, any change in tax rules could have a material adverse effect on the level of dividend franking and Shareholder returns.

(h) Australian Accounting Standards may change

AAS are issued by the AASB and are not within our control. The AASB may, from time to time, introduce new or refined AAS, which may affect future measurement and recognition of key statement of profit or loss and balance sheet items.

There is also a risk that interpretation of existing AAS, including those relating to the measurement and recognition of key statement of profit or loss or balance sheet items, may differ. Any changes to the AAS or to the interpretation of those standards may have a material adverse effect on our reported financial performance and position.

(i) Force majeure events may occur

Events may occur within or outside Australia that negatively impact global, Australian or other local economies relevant to our financial performance, operations and/or the price of Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that may have a material adverse effect on our supply chain, the demand for our products and our ability to conduct business.

(j) Expected future events may not occur

Certain statements in this Booklet and the Investor Presentation constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance and achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Given these uncertainties, prospective investors should not place undue reliance on forward-looking statements. In addition, under no circumstances should forward-looking statements be regarded as a representation or warranty by the Company or any other person referred to in this Booklet or the Investor Presentation that a particular outcome or future event is guaranteed.

(k) Interest rate fluctuations

Changes in interest rates will affect borrowings which bear interest at floating rates. Any increase in interest rates will affect our costs of servicing borrowings and may affect the relative strength of the Australian and the U.S. dollar, each of which could materially and adversely affect its financial performance and position.

5 Defined Terms

\$ or A\$ means an Australian dollar.

Accepted Retail Entitlement Shares means those Retail Entitlement Shares in respect of which the Company or the Registry receives Valid Applications on or before the Retail Closing Date but only to the extent that the Valid Applications relate to Entitlements (excluding applications for Top-Up Shares).

Application Monies means a payment or payments made to subscribe for New Shares.

ASIC means the Australian Securities and Investments Commission.

Associates has the meaning given to it under the ASX Listing Rules.

ASX means ASX Limited (ACN 008 624 691) or, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules means the Listing Rules of the ASX.

Booklet means this document and the accompanying Entitlement and Acceptance Form.

Cleansing Notice means a notice given to ASX by the Company under subsection 708AA(2)(f) of the Corporations Act in respect of the Entitlement Offer which meets the requirements of subsection 708AA(7) of the Corporations Act or a notice given to ASX by the Company in respect of the Placement, which complies with subsection 708A(6) of the Corporations Act (as applicable).

Closing Date means the closing date set out in the timetable in section 1 or such other date as may be determined by the Directors.

Company means Damstra Holdings Limited (ACN 610 571 607).

Company Group means the Company and each Subsidiary of the Company (and **Company Group Member** means any one or more of them).

Constitution means the constitution of the Company, as amended or replaced from time to time.

Convertible Security means a warrant or an option, the exercise or conversion of which may result in the issue of a Share.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the directors of the Company.

Eligible Institutional Shareholder means a Shareholder that is an Institutional Investor and to whom the Company made an Entitlement Offer under the Institutional Entitlement Offer on the basis that the Shareholder had a registered address (or was otherwise taken to reside) in Australia, New Zealand, Singapore or the United Kingdom.

Eligible Retail Shareholder has the meaning given to it in section 2.2.

Eligible Shareholders means Eligible Retail Shareholders and Eligible Institutional Shareholders.

Entitlement means the number of New Shares which an Eligible Retail Shareholder is entitled to subscribe for under the Entitlement Offer based on the number of Shares held on the Record Date.

Entitlement and Acceptance Form means the personalised entitlement and acceptance form accompanying this Booklet.

Entitlement Offer means the pro rata accelerated non-renounceable entitlement offer of New Shares to Eligible Shareholders at the Issue Price each on the basis of 1 (one) New Share for every 6.75 Shares held on the Record Date, comprised of the Institutional Entitlement Offer and the Retail Entitlement Offer, each part thereof, and any related matters, including the grant of Entitlements, and the issue of any Top-Up Shares or Shortfall Shares.

Excluded Institutional Shareholders means:

- (a) Shareholders that are Institutional Investors in any jurisdiction outside Australia, New Zealand, Singapore and the United Kingdom (and any other jurisdictions which the Company and the Lead Manager agree in good faith, having regard to the composition of the Company's register at that time), who the Company determines (under ASX Listing Rule 7.7.1(a)) in consultation with the Lead Manager, should not receive an offer under the Institutional Entitlement Offer; or
- (b) a Shareholder that is, or the person for whom it holds Shares is, located in the United States or a person acting for the account or benefit of any such person.

Excluded Retail Shareholders means Shareholders in any jurisdiction outside Australia and New Zealand, who are not Institutional Investors or Excluded Institutional Shareholders, and who the Company determines (in accordance with ASX Listing Rule 7.7.1(a)), in agreement with the Lead Manager, should not receive an offer under the Entitlement Offer.

Governmental Agency means a government, government department or any governmental, semi-governmental or judicial entity or authority, including a stock exchange or a self-regulatory organisation established under statute.

Ineligible Institutional Shareholder means a Shareholder that is an Institutional Investor and is not an Eligible Institutional Shareholder.

Ineligible Retail Shareholder means a Shareholder at the Record Date who is not an Eligible Retail Shareholder in accordance with section 2.2.

Ineligible Shareholder means a person who is an Ineligible Institutional Shareholder or Ineligible Retail Shareholder.

Institutional Entitlement Offer means the institutional component of the Entitlement Offer, details of which were announced to ASX on 6 December 2021.

Institutional Investor means an institutional or professional investor that is acquiring the Retail Entitlement Shares for its own account and:

- (a) if in **Singapore**, it is an "institutional investor" or an "accredited investor" (as such terms are defined in the Securities and Futures Act of Singapore ("SFA")); and
- (b) if in the **United Kingdom**, it is a (i) "qualified investor" within the meaning of Article 2(e) of the UK Prospectus Regulation; and (ii) within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.

Institutional Issue Date has the meaning given to it in the Timetable.

Institutional Settlement Date has the meaning given to it in the Timetable.

Investor Presentation means the Investor Presentation relating to the Entitlement Offer and Placement, released to ASX by the Company on 2 December 2021

Issue Price means \$0.34 per New Share.

Lead Manager means Shaw and Partners Limited.

New Share means a new Share proposed to be issued pursuant to the Entitlement Offer.

Offer Materials means the materials issued to the market and to Institutional Investors and Securityholders in connection with the Entitlement Offer or the Placement.

Opening Date means the opening date set out in the timetable in section 1 of this Booklet.

Permitted Jurisdictions means Australia, New Zealand, Singapore and the United Kingdom.

Placement means the placement of Shares by the Company to Institutional Investors, the details of which were announced to the ASX on 2 December 2021.

Placement Shares means the Shares proposed to be issued under the Placement.

Record Date means 7.00pm (AEDT) on the record date set out in the timetable in section 1 of this Booklet.

Register means the members register of the Company.

Registry means Computershare Investor Services Pty Limited.

Retail Entitlement Offer means the component of the Entitlement Offer that is made to Eligible Retail Shareholders and includes, where appropriate, the offer of Top-Up Shares under the Top-Up Facility, details of which are set out in this Booklet.

Retail Entitlement Shares means those New Shares which are offered to Eligible Retail Shareholders under the Retail Entitlement Offer.

Retail Offer Period means the period commencing on the Opening Date and ending at 5:00pm (AEDT) on the Closing Date, as extended from time to time.

Retail Settlement Date has the meaning given to it in the Timetable.

Retail Shareholders means the Shareholders as at the Record Date who are not Institutional Investors, Excluded Institutional Shareholders or Excluded Retail Shareholders and who are not in the United States or a person acting for the account or benefit of such person;

Share means an ordinary fully paid share in the capital of the Company.

Shareholder means a holder of Shares.

Shortfall Shares means those New Shares for which the Lead Manager is required to subscribe, or procure subscriptions for, pursuant to the Underwriting Agreement, comprising those New Shares which are not accepted by the Eligible Shareholders to whom they are offered, those Unaccepted Retail Entitlement Shares which are not allotted as Top-Up Shares under the Top-Up Facility, and those New Shares which would have been offered to Ineligible Shareholders if they had been entitled to receive Shares under the Entitlement Offer.

Subsidiary has the meaning set out in section 9 of the Corporations Act.

Timetable means the timetable set out in section 1.

Top-Up Facility means the facility pursuant to which Eligible Retail Shareholders may apply for Top-Up Shares in addition to the Eligible Retail Shareholder's Entitlement as detailed in section 2.5 of this Booklet.

Top-Up Shares means New Shares issued under the Top-Up Facility.

Unaccepted Retail Entitlement Shares means the Retail Entitlement Shares less the Accepted Retail Entitlement Shares.

Underwriting Agreement means the underwriting agreement between the Company and the Lead Manager as underwriter, summarised at section 3.9.

Valid Application means in respect of an Eligible Retail Shareholder payment of the Application Monies for each New Share applied for via BPAY® in accordance with the instructions set out in this Booklet and the relevant Entitlement and Acceptance Form, and includes a payment for Top-Up Shares (if any) in excess of the Eligible Retail Shareholder's Entitlement, which is received by the Company or the Registry before 5.00pm (AEDT) on the Closing Date.

6 Corporate Directory

Registered Office

Suite 3
Level 3, 299 Toorak Road
South Yarra VIC 3141
Web: <https://www.damstratechnology.com/>

Directors

Johannes Risseeuw
Christian Damstra
Drew Fairchild
Morgan Hurwitz
Simon Yencken
Sara La Mela

Company Secretaries

Chris Scholtz
Carlie Hodges

ASX Code

DTC

Legal Adviser

Coghlan Duffy + Co Lawyers
Level 42, Rialto South Tower
525 Collins St
Melbourne VIC 3000
Web: www.cdandco.com.au
Email: hello@cdandco.com.au

Share Registry

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Ph: 1300 850 505 (within Australia)
+61 (0)3 9415 4000 (outside Australia)
Web: www.investorcentre.com/au

Auditor

PricewaterhouseCoopers
2 Riverside Quay
Southbank VIC 3006



D A M S T R A

TRACK · MANAGE · PROTECT

Damstra Holdings Limited
ACN 610 571 607

For all enquiries:

Phone:

(within Australia) 1300 850 505
(outside Australia) 61 3 9415 4000

Web:

https://damstra-offer.thereachagency.com

DTC

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

X 9999999991

I N D



For your security keep your SRN/HIN confidential.

Entitlement No: 12345678

Retail Entitlement Offer — Entitlement and Acceptance Form

Your payment must be received by 5:00pm (AEDT) Thursday, 16 December 2021

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed on this Form. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

Details of the shareholding and entitlements for this Offer are shown on this Form. Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESSE sponsored holding, please contact your Controlling Participant to notify a change of address.

Details of your Entitlement

Existing shares entitled to participate as at 7.00pm (AEDT) Monday, 6 December 2021:

Entitlement to New Shares on a 1 for 6.75 basis:

Amount payable on full acceptance at \$0.34 per New Share:

Make Your BPAY® Payment by 5:00pm (AEDT) Thursday, 16 December 2021

You can apply to accept either all or part of your Entitlement. If you apply for your full Entitlement, you may also apply for Additional New Shares in excess of your Entitlement under the Top Up Facility. Enter the details below and retain for your records. **You do not need to return this Form when making payment by BPAY®.** By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Retail Entitlement Offer Booklet dated 7 December 2021.

Neither Computershare Investor Services Pty Limited (CIS) nor Damstra Holdings Limited accepts any responsibility for loss incurred through incorrectly completed BPAY® payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY® are received by this time. Eligible Shareholders should use the customer reference number shown on this Form when making a BPAY® payment.

Entitlement taken up:

Number of Additional New Shares applied for under the Top Up Facility:

Amount Paid at \$0.34 per New Share:

A\$

Date Payment was made:

B I · P A Y
Biller Code: 999999
Ref No: 1234 5678 9123 4567 89

Contact your financial institution to make your payment from your cheque or savings account.

Privacy Notice

The personal information you provide on this form is collected by CIS, as registrar for the securities issuers (the **issuer**), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuers administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at www.computershare.com/au/privacy-policies.