



ASX Announcement

18th July 2023

Damstra Technology

(ASX: DTC)

Damstra extends PFG financing to November 2026

Damstra Holdings Limited (ASX:DTC) (**Damstra** or the **Company**), today announces that it has entered into an agreement to refinance its existing debt facilities, further enhancing the Company's financial position. Today's announcement builds on the announcement dated 10th July 2023 titled "Damstra generates free cashflow in Q4 FY23".

The structure of the facility recognises the turnaround in the financial performance of Damstra over the past financial year and the achievement of five consecutive quarters of positive operating cash flow. Damstra welcomes Partners for Growth VI, L.P. (**PFG**) support in extending the relationship.

The revised secured debt facility limit is AUD\$17.5 million, increased from AUD\$15.0m. The term of the facility has been extended by 3 years and 5 months to 30 November 2026.

The interest rate is pegged at BBSW plus 8.6%, with a minimum rate of 11.75%. The structure and duration of the facility support Damstra's objective of partially paying down debt and enabling the continued growth trajectory of the business. Amortisation is based on 25% of free cashflow with no minimum payment in FY24, then increasing to 33% in FY25 and 35% in FY26.

As part of the agreement with PFG, Damstra will issue PFG warrants (**Warrants**) to purchase up to AUD \$1.050m ordinary shares in the Company (**Shares**) at varying exercise prices. The key terms of the Warrants are set out in the attached Annexure.

Damstra CEO, Christian Damstra, said:

"We are delighted to have extended our financing facility with PFG. This represents a vote of confidence for the strategies we have developed and executed to focus on near term profitability, cash generation and controlled growth. We continue to successfully execute our US growth strategy while expanding services with our key clients in Australia across Mining, Civil Construction and our new vertical of Facilities Management. Securing a long term extension provides investors with certainty as to Damstra's debt position."

Managing Director and Head of Asia Pacific & Australia, Partners For Growth Karthi Sepulohniam, said:

"We are pleased to be extending our financing relationships with Damstra and continuing to see their journey unfold as a leading provider of enterprise protection software. We have been pleased with the management team's progress over the last 12 months, especially in reducing costs and increasing profitability to deliver the latest quarter of positive cashflow."

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

Ends



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Enquiries

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About Damstra

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

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

For more information, please visit <https://www.damstratechnology.com> or visit our LinkedIn page <https://www.linkedin.com/company/damstra-technology>



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ANNEXURE: WARRANT TERMS

The key terms of the Warrants to be issued to PFG and one of its related entities (together **PFG Nominees**) are:

Warrants	<p>In consideration for the sum of AUD\$36.48 from each PFG Nominee, Damstra will issue three (3) Warrants to each of the PFG Nominees (six Warrants in total) as follows:</p> <ul style="list-style-type: none">• 1 Warrant exercisable into 5,168,777 and 5,168,776 Shares (respectively), at an exercise price of \$0.10;• 1 Warrant exercisable into 766,797 Shares, at an exercise price of \$0.15;• 1 Warrant exercisable into 664,557 Shares, at an exercise price of \$0.17. <p>As a result, a maximum of 13,220,261 Shares may be issued on exercise of all 6 Warrants.</p>
Expiry Date	<p>Seven years from the date of satisfaction of all Conditions Precedent; and Warrants may be exercised at any time during this period.</p>
Treatment of warrants upon acquisition	<p>Subject to more than 50% of the Company's shares being acquired, a change in control of the Company occurring or the sale of substantially all of the Company's assets (each an Acquisition), the acquirer or surviving entity (as applicable) shall, as a condition to the Acquisition and at the Company's option, either: (i) assume the obligations of the Company under the Warrant or (ii) purchase the Warrant at its fair value, which shall be determined using a Black-Scholes American Option-Pricing Model.</p>
Exchange of warrants for shares or cash	<p>If the fair market value of Shares exceeds the relevant exercise price, the holder may surrender a Warrant for that number of Shares obtained by dividing (x) the intrinsic value of the Warrant (i.e. the Fair Market Value of the Shares on the date of the surrender less the exercise price), by (y) the Fair Market Value (defined as the highest fair market value per share in the 90 days prior to the surrender of the Warrant) (Cashless Exercise).</p>
ASX Listing Rule 7.1	<p>The Warrants will be issued under the Company's 15% placement capacity under ASX Listing Rule 7.1.</p>
Transfer	<p>The Warrants (in whole or in part) may be transferable with the Company's prior written consent in certain circumstances but they will not be quoted.</p>
Reorganisation of the Company's issued capital and other issues	<p>In the event of a reorganisation of the Company's issued capital, the number of shares into which a Warrant may be exercised, and the exercise price relating to each Warrant, will be adjusted in accordance with the requirements of the ASX Listing Rules.</p> <p>The Warrants do not entitle the holder to participate in new issues of securities unless and to the extent that the Warrant is exercised prior to the record date relating to the new issue of securities. In the event that the Company undertakes a pro rata issue of securities (other than a bonus issue), the exercise price of each Warrant will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.</p> <p>If the Company makes a pro rata "bonus issue," the number of Warrant Shares into which each Warrant then outstanding shall be increased by the number of bonus ordinary shares or other securities which the holder would have received if the holder had exercised the Warrant before the record date for the bonus issue.</p>



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Appendix 3G	An Appendix 3G in respect of the Warrants will be lodged separately today.
Put Option	If an Acquisition occurs, the Company suffers an insolvency event or lists on an international securities exchange or on the Expiry Date (each a Put Event), each Warrant holder has the right for 60 days after the occurrence of the Put Event to surrender all of their Warrants to the Company for a cash payment by the Company to the Holder of \$750,000 (Put Price). The Put Price must be paid within 5 Business Days after the exercise of the Put Option.

