



D A M S T R A

NOTICE OF ANNUAL GENERAL MEETING

DAMSTRA HOLDINGS LIMITED ACN 610 571 607

TIME: 10:00am (AEDT)

DATE: Wednesday, 25 October 2023

PLACE: Online via Automic's Investor Portal

Important notice

This Notice of Annual General Meeting should be read in conjunction with the Explanatory Memorandum. The Explanatory Memorandum contains important information about the matters to be considered at the Annual General Meeting of Damstra Holdings Limited and to assist shareholders to determine how to vote on the Resolutions set out in this Notice. Should you wish to discuss any of the matters detailed in this Notice, please do not hesitate to contact the Company Secretary on +61 3 9614 2444 or damstra@cdplus.com.au.

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Notice of Annual General Meeting of Shareholders of Damstra Holdings Limited

Notice is given that the annual general meeting of Shareholders of Damstra Holdings Limited ACN 610 571 607 (the **Company**) will be held on **Wednesday, 25 October 2023 at 10:00am (AEDT)**

The Meeting will be streamed live virtually for Shareholders to view and participate.

Please see Important Information section below for details.

Important Information

Your vote is important

The business of the Meeting affects your shareholding and your vote is important. Voting on all Resolutions will be determined by a poll.

Voting eligibility

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7:00pm (AEDT) on Monday, 23 October 2023.

Voting in person at the Meeting

The Meeting will be streamed live via webcast for Shareholders to view the Meeting.

The Company urges all Shareholders to please utilise the online facilities offered. Shareholders will be able to view the live webcast of the Meeting, vote online in real time and ask Directors questions online.

For further information, please see the section below titled 'Voting during the Meeting'.

Voting by proxy or online prior to Meeting

To vote by proxy prior to the Meeting, you will need to appoint a proxy and either direct the proxy how to vote on each Resolution, or allow the proxy to exercise their discretion in voting your shares.

To appoint a proxy online, please go to <https://investor.automic.com.au/#/loginsah> and follow the instructions on your Voting Form.

You may also appoint a proxy by completing and signing the enclosed Voting Form and returning it by the time and in accordance with the instructions set out on the Voting Form.

Proxies will be able to view the live webcast of the Meeting, vote online in real time in accordance with their proxy instructions and ask Directors questions online.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy; and
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholders' votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular Resolution and if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the Resolution, the proxy must not vote on a show of hands; and
- if the proxy is the Chair, the proxy must vote on a poll, and must vote that way (ie. as directed); and
- if the proxy is not the Chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie. as directed).

Transfer of non-chair proxy to Chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular Resolution at the Meeting; and
- the appointed proxy is not the Chair; and
- at the Meeting, a poll is duly demanded on the Resolution, or is otherwise required under section 250JA, on the question that the Resolution be passed; and
- either of the following applies:
 - the proxy is not recorded as attending the Meeting; or
 - the proxy does not vote on the Resolution,

the Chair is taken, before voting on the Resolution closes, to have been appointed as the proxy for the purposes of voting on the Resolution at the Meeting.

Direct voting

In accordance with rule 5.9(a) of the Constitution, the Directors may:

- determined that for the Meeting, a shareholder that is entitled to attend and vote at the Meeting may submit a direct vote; and
- approved the matters specified below as the means by which Shareholders may deliver a direct vote.

A Shareholder entitled to attend and vote at the Meeting may direct vote by:

- delivering prior to the Meeting a valid notice of their voting intention by means of a direct vote; or
- delivering a direct vote during the Meeting if participating online.

Direct voting prior to the Meeting

A Shareholder may deliver a direct vote by indicating on the Voting Form that they are casting their vote directly and then placing a mark in one of the boxes opposite each item of business on the Voting Form. All of the Shareholder's shares will be voted in accordance with such direction, unless the Shareholder indicates that their direction is:

- to vote only a portion of their votes on any item; or
- to cast their votes in different ways on any item, by inserting the number of shares in the appropriate box or boxes.

If a Shareholder indicates that they are lodging their votes directly and then does not mark any of the boxes on a given item, no direct vote will be recorded on that item.

If a Shareholder indicates that they are delivering their votes directly and then marks more than one box on an item, their vote on that item will be invalid. If a Shareholder inserts a number of shares in boxes on any item that in total exceeds the number of shares that the Shareholder holds as at the voting entitlement time, the Shareholder's vote on that item will be invalid, unless the Shareholder inserted the number of shares in one box only, in which case it will be taken to be valid for the total number of shares held at that time.

Direct voting during the Meeting

To attend the Meeting virtually please follow the instructions below on your computer, tablet or smartphone. Online registration will open 30 minutes before the meeting. To make the registration process quicker, please have your SRN/HIN and registered postcode or country code ready.

Proxyholders will need to contact Automic prior to the meeting to obtain their login details.

Shareholders who wish to participate in and vote at the Meeting online can access the Meeting as follows:

1. Open your internet browser and go to investor.automic.com.au
2. Login with your username and password or click “**register**” if you haven’t already created an account. **Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the virtual meeting.**
3. After logging in, a banner will display at the bottom of your screen to indicate that the meeting is open for registration, click on “**Register**” when this appears. Alternatively, click on “**Meetings**” on the left-hand menu bar to access registration.
4. Click on “**Register**” and follow the steps.
5. Click on the URL to join the webcast where you can view and listen to the virtual meeting.
6. Once the Chair of the Meeting has declared the poll open for voting click on “**Refresh**” to be taken to the voting screen.
7. Select your voting direction and click “**confirm**” to submit your vote. **Note that you cannot amend your vote after it has been submitted.**

Attending the Meeting online enables Shareholders to view the Meeting live and to also ask questions and cast votes at the appropriate times whilst the Meeting is in progress.

Shareholders who submit direct votes prior to the Meeting will be deemed to have appointed the Chair as their proxy and representative for the purposes of rule 5.5 of the Constitution (determination of quorum).

However, Shareholders who submit direct votes will not be entitled to the following rights of Shareholders attending the Meeting by proxy, attorney or representative:

- to join in the election of the chairman of the Meeting under rule 5.6(c) of the Constitution if there is a vacancy in the chairman; or
- to object to the qualification of a voter under rule 5.10(h) of the constitution.

Creating an Account with the Share Registry

To create an account with the Share Registry, please go to the Automic website (<https://investor.automic.com.au/#/home>), click on ‘register’ and follow the steps. Shareholders will require their holder number (Securityholder Reference Number (**SRN**) or Holder Identification Number (**HIN**)) to create an account with Automic.

Further information and support on how to use the platform is available on the Share Registry website – www.automic.com.au. It is recommended that you register to use the registry website well in advance of the Meeting to save time on the day of the Meeting. Should you have any difficulties, you can contact the registry by telephone on 1300 288 664 (within Australia) and +61 2 9698 5414 (overseas).

A complete guide to registering your attendance and voting at the virtual meeting is also available to view and download from <https://www.automicgroup.com.au/virtual-agms/>.

Corporate representatives

A Shareholder that is a body corporate may appoint an individual to act as its representative at the Meeting by providing a duly executed certificate of appointment of corporate representative (**Certificate**). Unless otherwise specified in the Certificate, the representative may exercise all or any of the powers that the body corporate may exercise at the Meeting or in voting on a Resolution. A Certificate is available upon request from the Share Registry.

Appointments must be lodged in advance of the Meeting with the Company’s Share Registry.

BUSINESS OF THE GENERAL MEETING

Ordinary business

1. Financial Statements and Reports

To receive and consider the Annual Report of the Company for the financial year ended 30 June 2023, including the financial statements, Directors' Report, the Remuneration Report and the auditor's report.

2. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **non-binding resolution**:

“THAT, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Report for the financial year ended 30 June 2023.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Chair intends to vote all undirected proxies in favour of this Resolution.

3. Resolution 2 – Re-election of Director – Mr Morgan Hurwitz

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an Ordinary Resolution:

“THAT Mr Morgan Hurwitz, having retired from his office as Director in accordance with rule 6.1(f)(i)(B) of the Constitution and ASX Listing Rule 14.5, and being eligible, having offered himself for re-election, be re-elected as a Director of the Company.”

The Chair intends to vote all undirected proxies in favour of this Resolution.

4. Resolution 3 – Re-election of Director – Mr Johannes Risseeuw

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an Ordinary Resolution:

“THAT Mr Johannes Risseeuw, having retired from his office as Director in accordance with rule 6.1(f)(i)(B) of the Constitution and ASX Listing Rule 14.5, and being eligible, having offered himself for re-election, be re-elected as a Director of the Company.”

The Chair intends to vote all undirected proxies in favour of this Resolution.

5. Resolution 4 – Approval of 10% Placement Capacity

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **Special Resolution**:

“THAT, for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the Company having the additional capacity to issue equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 over a 12 month period from the date of the Annual General Meeting, at a price no less than that determined pursuant to ASX Listing Rule 7.1A.3 and otherwise on the terms and conditions set out in the Explanatory Memorandum.”

The Chair intends to vote all undirected proxies in favour of this Resolution.

6. Resolution 5 – Ratification of prior issue of Warrants under ASX Listing Rule 7.1

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an Ordinary Resolution:

“THAT, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue and allotment of 6 Warrants to the PFG Nominees on 18 July 2023 under ASX Listing Rule 7.1 on the terms and conditions as set out in the Explanatory Memorandum.”

The Chair intends to vote all undirected proxies in favour of this Resolution.

7. Resolution 6 - Approval of Modification to the Compensation Package, including Proposed Issue of ZPOs to Executive Directors

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an Ordinary Resolution:

“THAT, for the purposes of ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the modification to the compensation package for each of Johannes Risseeuw and Christian Damstra, Executive Directors of the Company, including the issue of:

- (a) *a total of 272,071 Tranche 1 ZPOs to the Executive Directors of the Company, on the terms and conditions set out in the Explanatory Memorandum;*
- (b) *a total of AUD\$17,067 worth of salary sacrifice in Tranche 2 ZPOs to the Executive Directors of the Company, on the terms and conditions set out in the Explanatory Memorandum;*
- (c) *a total of AUD\$17,067 worth of salary sacrifice in Tranche 3 ZPOs to the Executive Directors of the Company, on the terms and conditions set out in the Explanatory Memorandum; and*
- (d) *a total of AUD\$17,067 worth of salary sacrifice in Tranche 4 ZPOs to the Executive Directors of the Company, on the terms and conditions set out in the Explanatory Memorandum,*
in lieu of part remuneration in order to minimise the impact on the Company’s cashflow.”

The Chair intends to vote all undirected proxies in favour of this Resolution.

8. Resolution 7 – Approval of Modification to the Compensation Package, including Proposed Issue of ZPOs, to Non-Executive Directors

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an Ordinary Resolution:

“THAT, for the purposes of ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the modification to the compensation package for each of Drew Fairchild, Morgan Hurwitz, Sara La Mela and Simon Yencken, Non-Executive Directors of the Company, including the issue of:

- (a) *a total of 976,036 Tranche 1 ZPOs to the Non-Executive Directors of the Company, on the terms and conditions set out in the Explanatory Memorandum;*
- (b) *a total of AUD\$94,351 worth of Director fees in Tranche 2 ZPOs to the Non-Executive Directors of the Company, on the terms and conditions set out in the Explanatory Memorandum;*
- (c) *a total of AUD\$94,351 worth of Director fees in Tranche 3 ZPOs to the Non-Executive Directors of the Company, on the terms and conditions set out in the Explanatory Memorandum; and*
- (d) *a total of AUD\$94,351 worth of Director fees in Tranche 4 ZPOs to the Non-Executive Directors of the Company, on the terms and conditions set out in the Explanatory Memorandum,*
in lieu of cash Board and Committee fees in order to minimise the impact on the Company’s cashflow.”

The Chair intends to vote all undirected proxies in favour of this Resolution.

9. Resolution 8 – Approval of Director Participation in Equity Incentive Plan and issue of FY24 LTI Options to Johannes Risseeuw

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an Ordinary Resolution:

“THAT, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the issue of 2,785,326 FY24 LTI Options to Johannes Risseeuw, Chairman and Executive Director of the Company, on the terms and conditions set out in the Explanatory Memorandum.”

The Chair intends to vote all undirected proxies in favour of this Resolution.

10. Resolution 9 – Approval of Director Participation in Equity Incentive Plan and issue of FY24 LTI Options to Christian Damstra

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an Ordinary Resolution:

“THAT, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the issue of 2,785,326 FY24 LTI Options to Christian Damstra, Chief Executive Officer and Executive Director of the Company, on the terms and conditions set out in the Explanatory Memorandum.”

The Chair intends to vote all undirected proxies in favour of this Resolution.

11. Resolution 10 - Approval of Director Participation in Equity Incentive Plan and issue of FY24 Retention Options to Johannes Risseeuw

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an Ordinary Resolution:

“THAT, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the issue of 1,000,000 FY24 Retention Options to Johannes Risseeuw, Chairman and Executive Director of the Company, on the terms and conditions set out in the Explanatory Memorandum.”

The Chair intends to vote all undirected proxies in favour of this Resolution.

12. Resolution 11 - Approval of Director Participation in Equity Incentive Plan and issue of FY24 Retention Options to Christian Damstra

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an Ordinary Resolution:

“THAT, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the issue of 1,000,000 FY24 Retention Options to Christian Damstra, Chief Executive Officer and Executive Director of the Company, on the terms and conditions set out in the Explanatory Memorandum.”

The Chair intends to vote all undirected proxies in favour of this Resolution.

13. Other Business

To transact any other business which may legally be brought before the Meeting.

Dated: 25 September 2023
By order of the Board

Carlie Hodges
Company Secretary

VOTING EXCLUSION STATEMENTS

Resolution 1 – Adoption of Remuneration Report

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any Restricted KMP Voter. However, a Restricted KMP Voter may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a Restricted KMP Voter and either:

- the Restricted KMP Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- the Restricted KMP Voter is the Chair and the appointment of the Chair as proxy:
 - does not specify the way the proxy is to vote on this Resolution; and
 - expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Resolution 4 – Approval of 10% Placement Capacity

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is expected to participate in the issue of equity securities under this Resolution or a person who may obtain a material benefit as a result of, except a benefit solely in the capacity of a security holder, if the Resolution is passed or any Associates of those persons. However, this does not apply to a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the direction given to the Chair as specified in the Voting Form; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on this Resolution; and
 - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Note: As at the date of this Notice, the Company is not proposing to make any issue of equity securities under ASX Listing Rule 7.1A. Accordingly, no Shareholders are excluded from voting on this Resolution.

Resolution 5 – Ratification of prior issue of Warrants issued under ASX Listing Rule 7.1

The Company will disregard any votes cast in favour of this Resolution by, or on behalf of, each PFG Nominee or any of their Associates. However, the Company need not disregard a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair of the Meeting to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on this Resolution; and
 - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 6 and 7 - Approval of Modification to Compensation Packages, including Proposed Issue of ZPOs to Directors

The Company will disregard any votes cast in favour of each Resolution by, or on behalf of, Christian Damstra, Johannes Risseuw, Morgan Hurwitz, Drew Fairchild, Sara La Mela and Simon Yencken, being the Directors who are eligible to participate in the EIP, any Associate of a Director who is eligible to participate in the EIP, or any person who is eligible to participate in the EIP whose relationship with the Company, a Director or their Associate is such that, in ASX's opinion, the acquisition should be approved by Shareholders or any of their respective Associates. However, the Company need not disregard a vote cast in favour of each Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair of the Meeting to vote on the Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Further, a vote must not be cast on each Resolution by a member of the Key Management Personnel or a Closely Related Party of such a member acting as a proxy if their appointment does not specify the way the proxy is to vote on the Resolution. However, a vote may be cast by such persons if:

- it is cast by a member of the Key Management Personnel or their Closely Related Parties as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, and it is not cast on behalf of any Director or their Associates; or
- it is cast by the Chair (who is a member of the Key Management Personnel) as a proxy and the proxy appointment expressly authorises the Chair to exercise the proxy even though this resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Resolution 8 to 11 - Approval of Director Participation in Equity Incentive Plan and issue of FY24 LTI Options and FY24 Retention Options to Executive Directors

The Company will disregard any votes cast in favour of each Resolution by, or on behalf of, Christian Damstra, Johannes Risseeuw, Morgan Hurwitz, Drew Fairchild, Sara La Mela and Simon Yencken, being the Directors who are eligible to participate in the EIP, any Associate of a Director who is eligible to participate in the EIP, or any person who is eligible to participate in the EIP whose relationship with the Company, a Director or their Associate is such that, in ASX's opinion, the acquisition should be approved by Shareholders or any of their respective Associates. However, the Company need not disregard a vote cast in favour of each Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair of the Meeting to vote on the Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Further, a vote must not be cast on each Resolution by a member of the Key Management Personnel or a Closely Related Party of such a member acting as a proxy if their appointment does not specify the way the proxy is to vote on the Resolution. However, a vote may be cast by such persons if:

- it is cast by a member of the Key Management Personnel or their Closely Related Parties as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, and it is not cast on behalf of each Executive Director or their Associates; or
- it is cast by the Chair (who is a member of the Key Management Personnel) as a proxy and the proxy appointment expressly authorises the Chair to exercise the proxy even though this resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

EXPLANATORY MEMORANDUM

1. Financial Statements and Reports

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the Annual Report of the Company for the financial year ended 30 June 2023 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

The Company will not provide a hard copy of the Annual Report to Shareholders unless specifically requested to do so. The Company's Annual Report is available on its website at <https://damstratechnology.com/investors>

Shareholders will be given a reasonable opportunity to ask questions and make comments on the reports, and on the management of the Company, and to ask questions of the auditor.

2. Resolution 1 – Adoption of Remuneration Report

2.1 General

The Corporations Act requires that, at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and other Key Management Personnel of the Company. The Remuneration Report, which forms part of the Directors' Report on page 8 of the Company's Annual Report sets out the remuneration arrangements and outcomes for the Directors and other Key Management Personnel of the Company. The Company's Annual Report for the year ended 30 June 2023 is available on the Company's website at <https://damstratechnology.com/investors>

The Chair must allow a reasonable opportunity for its Shareholders to ask questions about or make comments on the Remuneration Report at the Annual General Meeting.

2.2 Voting consequences

Under the Corporations Act, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at two consecutive annual general meetings, at least 25% of the votes cast on a resolution in respect of a remuneration report vote against the adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to a vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting. If a Spill Resolution is put to shareholders, all of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting each person whose election or re-election as a director of the company was approved will continue as a director of the company.

2.3 Previous voting results

At the Company's previous annual general meeting, the votes cast against the Remuneration Report considered at that annual general meeting were less than 25% of votes cast. Accordingly, a Spill Resolution is not required for this Annual General Meeting.

2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Person appointed as proxy	Where directions are given on Voting Form	Where no directions are given on Voting Form
Key Management Personnel ¹	Vote as directed	Unable to vote ³
Chair ²	Vote as directed	Able to vote at discretion of proxy if expressly authorised to do so under the Voting Form ⁴
Other	Vote as directed	Able to vote at discretion of proxy

Notes:

¹ Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that Key Management Personnel.

² Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of the Chair.

³ Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

⁴ The Voting Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

3. Resolution 2 and Resolution 3 – Re-election of Directors - Mr Morgan Hurwitz and Mr Johannes Risseeuw

3.1 General

Rule 6.1(f)(i) of the Constitution requires that an election of Directors must take place each year and, excluding the Managing Director and any Director appointed to fill a casual vacancy who must retire under rule 6.1(e):

(A) one-third of remaining Directors; and

(B) any Director who, if they did not retire, will at the conclusion of the meeting have been in office for three or more years or for three or more annual general meetings since they were last elected to office,

must retire from office. Rule 6.1(i) of the Constitution allows a Director who retires under rule 6.1(f) to be eligible for re-election at that meeting.

Mr Johannes Risseeuw and Mr Morgan Hurwitz were last appointed to the Board on 16 November 2020. Accordingly, in accordance with rule 6.1(f)(i)(B) of the Constitution, each of Mr Hurwitz and Mr Risseeuw must retire as Director at the Meeting and, being eligible, will stand for re-election.

If Resolution 2 is passed, Mr Morgan Hurwitz will continue to be a Director and remain on the Board. If Resolution 2 is not passed, Mr Morgan Hurwitz will cease to be a Director effective as of the date of this Meeting.

If Resolution 3 is passed, Mr Johannes Risseeuw will continue to be a Director and remain on the Board. If Resolution 3 is not passed, Mr Johannes Risseeuw will cease to be a Director effective as of the date of this Meeting.

Personal particulars of Mr Morgan Hurwitz and Mr Johannes Risseeuw are set out below.

3.2 Mr Morgan Hurwitz

Morgan has over 30 years' experience in the Technology, Industrials, Oil and Gas, Aviation and Logistics industries and has extensive experience developing technology strategies and implementing technology across a range of industries in Australia and internally.

Prior to his appointment as a Non-Executive Director, Morgan was the President of Supply Chain and Chief Information Officer at Linfox, Global Chief Information Officer at Orica Limited, and held a number of senior IT roles within Shell in Melbourne and London. Morgan is currently an investor and sits on a number of boards and provides technology advisor and mentoring. Morgan is a Graduate of the Australian Institute of Company Directors, IMD (Switzerland) and holds a BA Degree.

3.3 Mr Johannes Risseeuw

Johannes joined the Group in 2012 and has held the role of Executive Chairman since 2017. Johannes is the former Vice President, Mergers & Acquisitions, Asia Pacific at Shell, where he drove billion dollar plus transactions across Australia, Singapore, Hong Kong, Malaysia and the Middle East. Previously Chief Investment Officer of Questus Energy, focused on the acquisition and management of oil and gas assets, and Chief Operating Officer at Skilled Group Limited.

3.4 Board Recommendation

The Board (other than Morgan Hurwitz who has abstained from making a recommendation on Resolution 2 due to his personal interest) recommends that you vote in favour of Resolution 2. Each of the Directors currently intends to vote their respective shareholdings in favour of this Resolution.

The Board (other than Johannes Risseeuw who has abstained from making a recommendation on Resolution 3 due to his personal interest) recommends that you vote in favour of Resolution 3. Each of the Directors currently intends to vote their respective shareholdings in favour of this Resolution.

4. Resolution 4 – Approval of 10% Placement Capacity

4.1 General

ASX Listing Rule 7.1A provides that an eligible entity may seek shareholder approval at its annual general meeting to allow it to issue equity securities (which term has the meaning given to it in the ASX Listing Rules) to up to 10% of its issued capital over a period up to 12 months after its annual general meeting (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the capacity to issue securities under ASX Listing Rule 7.1 without shareholder approval.

If Shareholders approve this Resolution, the number of equity securities the Company may issue under its 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to section 4.3 below). This Resolution is a Special Resolution.

4.2 ASX Listing Rule 7.1A

The ASX Listing Rules provide that an entity that satisfies both of the following tests as at the date of the Meeting (**Eligible Entity**) may seek shareholder approval under ASX Listing Rule 7.1A:

- (a) the entity is not included in the S&P/ASX 300 Index; and
- (b) the entity's market capitalisation is not greater than \$300,000,000.

The Company is not included in the S&P/ASX 300 Index and accordingly, as at the date of this Notice, the Company is an Eligible Entity for these purposes.

If this Resolution is passed, the Company will be able to issue equity securities up to the combined 25% limit in ASX Listing Rules 7.1 and 7.1A without any further shareholder approval. The number of equity securities the Company may issue under its 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to section 4.3 below).

If this Resolution is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities without shareholder provided for in ASX Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without shareholder approval set out in ASX Listing Rule 7.1 (**15% Placement Capacity**).

4.3 Number of class of equity securities issued under 10% Placement Capacity

Any equity securities issued in reliance of ASX Listing Rule 7.1A must be:

- (A) in the same class as an existing class of quoted equity securities. The Company currently has one class of equity securities on issue which are quoted, being Shares; and
- (B) issued for cash consideration which is not less than 75% of the 15-day VWAP of equity securities in that class, as set out in further detail in section 4.4.2 of this Explanatory Memorandum.

ASX Listing Rule 7.1A.2 provides that an eligible entity which has obtained shareholder approval at an annual general meeting may issue or agree to issue, during the period of approval, a number of equity securities calculated in accordance with the following formula:

(A x D) – E

Where:

A is the number of shares on issue at the commencement of the Relevant Period:

- (1) plus the number of shares issued in the Relevant Period under an exception in ASX Listing Rule 7.2 other than exception 9, 16 or 17;
- (2) plus the number of shares issued in the Relevant Period on the conversion of convertible securities within ASX Listing Rule 7.2 exception 9 where:
 - (i) the convertible securities were issued or agreed to be issued before the commencement of the Relevant Period; or
 - (ii) the issue of, or agreement to issue, the convertible securities was approved, or taken to have been approved under ASX Listing Rules 7.1 or 7.4,
- (3) plus the number of shares issued in the Relevant Period under an agreement to issue securities within ASX Listing Rule 7.2 Exception 16 where:
 - (i) the agreement was entered into before the commencement of the Relevant Period; or
 - (ii) the agreement or issue was approved, or taken under these rules to have been approved, under ASX Listing Rules 7.1 or 7.4,
- (4) plus the number of any other shares issued in the Relevant Period with approval under ASX Listing Rule 7.1 or ASX Listing Rule 7.4,
- (5) plus the number of partly paid shares that became fully paid in the Relevant Period; and
- (6) less the number of shares cancelled in the Relevant Period.

D is 10%.

E is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the Relevant Period where the issue or agreement has not been subsequently approved by the holders of shares under ASX Listing Rule 7.4.

Relevant Period is:

- if the entity has been admitted to the official list for 12 months or more, the 12-month period immediately preceding the date of the issue or agreement; or

- if the entity has been admitted to the official list for less than 12 months, the period from the date the entity was admitted to the official list to the date immediately preceding the date of the issue or agreement.

4.4 Information required by ASX Listing Rule 7.1A

ASX Listing Rule 7.3A requires the following information to be provided in relation to this Resolution:

4.4.1 10% placement period

The equity securities may be issued under the 10% Placement Capacity commencing on the date of the Annual General Meeting and ceasing to be valid on the first to occur of:

- 12 months after the date of the Annual General Meeting;
- the time and date of the Company's next annual general meeting; or
- the time and date of approval by Shareholders of any transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or ASX Listing Rule 11.2 (disposal of the Company's main undertaking).

4.4.2 Minimum Price

Any equity securities issued under the 10% Placement Capacity must be in an existing class of quoted equity securities and issued for cash consideration. The minimum price at which the equity securities may be issued under the 10% Placement Capacity is 75% of the VWAP of equity securities in that class, calculated over the 15 trading days on which trades in that class were recorded on the ASX immediately before:

- the date on which the price at which the equity securities are to be issued is agreed by the Company and the recipient of the securities; or
- if the equity securities are not issued within 10 trading days of the date in paragraph (a) above, the date on which the equity securities are issued.

4.4.3 Purpose of an issue under 10% Placement Capacity

The Company may issue equity securities under the 10% Placement Capacity as cash consideration in which case the Company intends to use funds raised for either or both of working capital purposes or to fund growth opportunities.

4.4.4 Risk of voting dilution

Any issue of equity securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive their pro rata interest in the Shares allotted under the issue.

If this Resolution is approved by Shareholders and the Company issues the maximum number of equity securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below, in the circumstances set out in the table below.

The table below shows the dilution of existing shareholders on the basis of the closing price of the Shares on the ASX on 19 September 2023 (**Closing Price**) and the number of Shares for variable A, calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the date of this notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) has increased by 50% and by 100% and the economic dilution where the issue price of Shares issued under the 10% Placement Capacity is 50% less than the Closing Price and 100% greater than the Closing Price.

Variable A in ASX Listing Rule 7.1A.2		Dilution		
		\$0.050	\$0.100	\$0.200
		50% decrease in Issue Price	Issue Price	100% increase in Issue Price
Current Variable A = 257,882,093	10% voting dilution (Shares to be issued under 7.1A)	25,788,210	25,788,210	25,788,210
	Funds raised	\$1,289,410.50	\$2,578,821.00	\$5,157,642.00
50% increase in Current Variable A = 386,823,140	10% voting dilution (Shares to be issued under 7.1A)	38,682,314	38,682,314	38,682,314
	Funds raised	\$1,934,115.70	\$3,868,231.40	\$7,736,462.80

100% increase in Current Variable A =	10% voting dilution (Shares to be issued under 7.1A)	51,576,419	51,576,419	51,576,419
515,764,186	Funds raised	\$2,578,820.95	\$5,157,641.90	\$10,315,283.80

The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with shareholder approval under ASX Listing Rule 7.1.

The table above has been prepared on the basis of the following assumptions:

- (a) the Issue Price set out in the table is the closing price of the Shares on the ASX on 19 September 2023;
- (a) the Company issues the maximum possible number of equity securities under the 10% Placement Capacity;
- (b) no options or rights convertible into Shares are exercised;
- (c) the Company has not issued any equity securities from the date that is 12 months prior to the date of the Annual General Meeting that were not issued under an exception in ASX Listing Rule 7.2 or which were not approved under ASX Listing Rule 7.1 or 7.4 and Resolution 5 of this Notice is approved by Shareholders; and
- (d) the issue of equity securities under the 10% Placement Capacity consists only of Shares.

Shareholders should note that there is a risk that:

- (a) the market price for the Shares may be significantly lower on the issue date than on the date of the Annual General Meeting; and
- (b) the equity securities issued under the 10% Placement Capacity may be issued at a price that is at a discount to the market price for the Shares on the date of issue,

both of which may affect the amount of funds raised by the issue.

Shareholders should also note that the calculations in the table do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.

4.4.5 Allocation under the 10% Placement Capacity

The allottees of the equity securities to be issued under the 10% Placement Capacity will depend on prevailing market conditions and will be determined on a case by case basis. However, the allottees of equity securities could consist of current Shareholders, new investors or both, provided that such allottee is not a Related Party of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (a) the purpose of the issue, including the Company's intentions to raise funds;
- (b) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (c) the number of issues the Company intends to make and the time frame over which they will be made;
- (d) the effect of the issue of the equity securities on the control of the Company;
- (e) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (f) prevailing market conditions; and
- (g) advice from corporate, financial and broking advisers (if applicable).

4.4.6 Previous approval under ASX Listing Rule 7.1A

The Company has previously obtained approval under ASX Listing Rule 7.1A. For the purposes of ASX Listing Rule 7.3A.6, the Company confirms that during the 12 months preceding the date of the Meeting the Company did not issue any equity securities under ASX Listing Rule 7.1A.2.

4.4.7 Voting exclusion statement

A voting exclusion statement is included in the Notice. As at the date of the Notice, the Company has not approached any existing Shareholder, security holder or an identifiable class of existing security holders to participate in any issue of equity securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholder's votes will be excluded under the voting exclusion in the Notice.

4.5 Board Recommendation

The Board recommends that you vote in favour of this Resolution.

5. Resolution 5 – Ratification of prior issue of Warrants issued under ASX Listing Rule 7.1

5.1 Background

On 18 July 2023, the Company announced it had refinanced its existing debt facilities and signed an agreement for a \$17.5 million debt facility (**Facility**) with Partners for Growth VI, L.P. (**PFG**) (the **Facility Agreement**). In connection with the Facility Agreement, and in consideration for the sum of AUD\$72.96, Damstra agreed to issue a total of 6 Warrants (**PFG Warrants**) to PFG and a related entity of PFG (**PFG Nominee**) exercisable into up to 13,200,261 Shares at varying exercise prices.

Accordingly, on 18 July 2023, the Company announced the issue of the PFG Warrants to the PFG Nominees as follows:

- 1 Warrant exercisable into 5,168,777 Shares on or before 18 July 2030 (**Expiry Date**) at an exercise price of AUD\$0.10 per Share;
- 1 Warrant exercisable into 5,168,776 Shares on or before the Expiry Date, at an exercise price of AUD\$0.10 per Share;
- 2 Warrants each exercisable into 766,797 Shares on or before the Expiry Date, at an exercise price of AUD\$0.15 per Share; and
- 2 Warrants each exercisable into 664,557 Shares on or before the Expiry Date, at an exercise price of AUD \$0.17 per Share.

The Company issued the PFG Warrants under its 15% Placement Capacity. The issue of the PFG Warrants did not breach ASX Listing Rule 7.1.

Under Resolution 5, the Company is seeking Shareholder ratification of the issue of the PFG Warrants pursuant to ASX Listing Rule 7.4. Such approval will refresh the Company's ability to issue that number of securities under its 15% Placement Capacity in the future.

5.2 ASX Listing Rules 7.1 and 7.4

Broadly speaking, subject to certain exceptions prescribed under the ASX Listing Rules, ASX Listing Rule 7.1 limits the number of securities that a company may issue without shareholder approval over any 12-month period to 15% of the total of the number of shares the company had on issue at the start of the 12-month period (**15% Placement Capacity**).

ASX Listing Rule 7.4 allows for shareholders to subsequently approve an issue of, or agreement to issue, securities, provided the issue did not breach ASX Listing Rule 7.1 at the time of issue. If Shareholders do provide approval, the issue is taken to have been approved under ASX Listing Rule 7.1 and so does not reduce the Company's capacity to issue further equity securities without shareholder approval under that Rule.

At the time of issue, the issue of the PFG Warrants did not fall within any exception in ASX Listing Rule 7.2. As the issue has not yet been approved by Shareholders, the maximum 13,200,261 Shares to be issued on exercise of the 6 PFG Warrants, are using up a part of the Company's 15% Placement Capacity, reducing the Company's capacity to issue further equity securities without shareholder approval under ASX Listing Rule 7.1 for the 12-month period following the issue of the PFG Warrants.

If Resolution 5 is passed, the 13,200,261 Shares to be issued on exercise of the 6 PFG Warrants, will be excluded in calculating the Company's 15% Placement Capacity, effectively increasing the number of equity securities the Company can issue without obtaining Shareholder approval over the 12-month period following the issue date of the PFG Warrants. If Resolution 5 is not passed the 13,200,261 Shares to be issued on exercise of the 6 PFG Warrants, will be included in calculating the Company's 15% Placement Capacity, effectively decreasing the number of equity securities it can issue without obtaining Shareholder approval over the 12-month period following the issue date of the PFG Warrants

The Directors consider it prudent to retain the flexibility and capacity to issue additional securities in accordance with ASX Listing Rule 7.1 if circumstances require and, accordingly, seek Shareholders' ratification of the issue of the PFG Warrants as set out in Resolution 5.

5.3 Summary of issue of PFG Warrants

For the purpose of ASX Listing Rule 7.5, the following information is provided:

- (a) the PFG Warrants were issued to the PFG Nominees without disclosure under Chapter 6D of the Corporations Act. No related parties or their Associates were allotted PFG Warrants;
- (b) the number of PFG Warrants for which Shareholder ratification is being sought under Resolution 5 is 6 PFG Warrants, exercisable into a maximum of 13,200,261 Shares, issued under the Company's 15% Placement Capacity;
- (c) the material terms of the PFG Warrants are set out at Annexure A;
- (d) the PFG Warrants were issued on 18 July 2023;
- (e) the PFG Warrants were issued in consideration for an aggregate sum of AUD\$72.96 in addition to the provision of the Facility by PFG;
- (f) if all PFG Warrants are exercised in accordance with their terms, the Company will receive \$1,489,743.78 as a result of the issue of 13,200,261 Shares on exercise of the 6 PFG Warrants. The Company expects that it will apply these funds toward the Company's working capital;
- (g) the material terms of the agreement under which the PFG Warrants were issued are detailed in the announcement released by the Company to the ASX on 18 July 2023. The Company does not consider entry into the agreement with PFG to be material; and
- (h) a voting exclusion statement is included in this Notice.

5.4 Board Recommendation

The Board recommends that you vote in favour of Resolution 5. Each of the Directors currently intend to vote their respective shareholdings in favour of these Resolutions.

6. Damstra's Remuneration Strategy

6.1 Approach to 2023 KMP and Executive Remuneration

A detailed explanation of the terms of the short-term incentive (**STI**) and long-term incentive (**LTI**) are set out in the Company's annual report released to the market on 24 August 2023 and set out below.

6.2 Executive Remuneration – 2023 principles

Damstra aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- (a) base pay and non-monetary benefits;
- (b) variable remuneration (short-term and long-term performance incentives);
- (c) share-based payments; and
- (d) other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the nomination and remuneration committee (**NRC**) based on individual and business unit performance, the overall performance of the Group and comparable market remuneration.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

In the 2023 financial year, the Employee Incentive Plan was consistent in design with the plan used in the prior financial year in FY22, with the purpose of incentivising staff against Company and individual targets. Remuneration for certain individuals is directly linked to the performance of the Group ('STI' or 'variable remuneration'). A portion of a cash bonus and incentive payments are dependent on defined service conditions being met.

The objective of variable remuneration is to link the achievement of the Group's operational targets with the remuneration received by the employees charged with meeting those targets. The total potential variable remuneration is set at a level to provide sufficient incentive to employees to achieve the operational targets at a cost to the Group that is reasonable in the circumstances.

A summary of key remuneration outcomes for FY23, and those that relate to FY24, are as follows:

- (a) no other senior executive received any EIP rewards in relation to FY23;
- (b) effective 1 August 2023, the Non-Executive Directors agreed to participate in a salary sacrifice arrangement whereby they would sacrifice 100% of their Board fees, including Committee fees, in return for 120% of the respective Non-Executive Director's Board and Committee fees in zero price options (**ZPOs**) in the Company (the subject of Resolution 7);

- (c) effective 1 July 2023, the Executive Chairman and CEO agreed to participate in a salary sacrifice arrangement whereby they would sacrifice 5% of their salary in return for 120% of that value in ZPOs in the Company (the subject of Resolution 6). Effective 1 August 2023, Johannes Risseeuw as Chairman, elected to increase his sacrifice from 5% to 10%; and
- (d) in recognition of the business turnaround, the Board approved the issue of ZPOs to staff who contributed to this outcome. As a result, Johannes Risseeuw and Christian Damstra are each to be awarded 1 million ZPOs (the subject of Resolutions 10 and 11).

6.3 STI Program FY24

The STI FY24 program follows the same structure and principles of the FY23 program. The STI program is designed to align the targets of the business with the performance hurdles of KMP and executives.

Key principles of the plan are as follows:

- (a) Financial measures account for 60% of the STI with free cash flow generation accounting for 25% and revenue being 35% to ensure executives are focused on sustainable growth;
- (b) Non-financial measures form 40% of the STI scorecard with a strong focus on clients and staff outcomes which drives sustainable business outcomes;
- (c) At Board discretion 50% deferral of any STI outcome into equity to align with the market expectations and provide shareholder alignment; and
- (d) At the threshold level of performance there is only a 50% payout and as such the STI program does not over-reward for below target performance.

STI outcomes are available to KMP executives based on achieving specific annual targets and key performance indicators (**KPI's**). On achievement of KPI's by executives, at Board discretion the STI is settled 50% in cash and settled by the grant of ZPOs, with a fair value determined as the 5-day VWAP as at 1 July 2023, which vest one year following the grant date, subject to continued employment.

On target performance will result in 100% of the STI opportunity being paid. Threshold performance will be based on achieving 90% of the target level of performance (depending on the KPI), at which point 50% of the target opportunity will be paid. Stretch performance is achieved based on achieving 125% of the target level of performance (depending on the KPI), at which point 125% of the target opportunity will be paid.

Should the FY24 STI program targets be met, the cash component would be payable, and the options granted, following the lodgement of the FY24 financial results, expected to be in August 2024. The options would vest one year later, expected to be in August 2025. Where STI targets are achieved, the equity portion of the STI is settled at the discretion of the Board, by the grant of ZPOs or cash or a combination of the two.

All awards are subject to continued service with the Company and otherwise subject to the employee incentive plan rules.

6.4 LTI Program

The LTI program is designed to align the longer-term targets of the business with the performance hurdles of executives.

LTI outcomes are available to executives based on achieving a three-year compound annual growth rate (**CAGR**) on prior year revenue. For the FY24 LTI program, the target CAGR is tested at the completion of the financial year ending 30 June 2026 (**FY26**). CAGR targets are approved by the Board and are adjusted annually based on market conditions and the Group's long-term business plan.

On target performance will result in 100% of the target LTI opportunity being paid / vesting (or 80% of the maximum LTI opportunity being paid / vesting). Threshold performance will be based on achieving 75% of the target level of performance, at which point 20% of the target opportunity will be paid / vest (or 16% of the maximum LTI opportunity being paid / vesting). Stretch performed is achieved based on achieving 125% of the target level of performance, at which point 125% of the target opportunity will be paid / vest (or 100% of the maximum LTI opportunity being paid / vesting). In addition to the CAGR target, the LTI is only paid to KMP's if a share price hurdle is achieved. For the FY24 LTI plan, the share price hurdle is \$0.23 at the end of the three-year period.

The NRC reviewed and determined that due to the current stage of the Group's development, annual recurring revenue (**ARR**) was considered as the key metric and most appropriate indicator of long-term performance.

All awards are subject to continued service with the Company and otherwise subject to the EIP Rules.

7. Resolution 6 and Resolution 7 – Approval of Modification to Director Compensation Packages, including Proposed Issue of ZPOs to Executive and Non-Executive Directors

7.1 Background

During FY22, as set out in the Company's 2022 Annual Report, and subsequently approved by shareholders at the 2022 AGM, Damstra implemented a salary sacrifice scheme for Non-Executive Directors and Executive Directors.

As set out in the ASX announcement released on 1 August 2023 and the Company's Annual Report released to the market on 24 August 2023, effective from 1 August 2023, the Non-Executive Directors' agreed to increase the percentage of salary sacrifice from 20% of their FY23 Board fees, excluding Committee fees, to 100% of their Boards fees, including Committee fees, for the period 1 August 2023 to 31 July 2024 in return for 120% of the respective Non-Executive Director's Board and Committee fees in ZPOs in the Company, subject to obtaining Shareholder approval. The Board believes that the salary sacrifice scheme is an effective remuneration and incentive tool which preserves the cash reserves of the Company whilst providing valuable remuneration and incentive to each respective Director and seeks to further aligns the Director's interests with those of Shareholders.

Accordingly, subject to obtaining the relevant Shareholder approvals, the Company proposes to remunerate each of its Non-Executive Directors for FY24 as follows:

Period	Number of ZPOS				Expiry Date
	Mr Morgan Hurwitz ¹	Mr Drew Fairchild ²	Mrs Sara La Mela ³	Mr Yencken ⁴	
For the period 1 August 2023 to 31 October 2023 (Tranche 1 ZPOs)	258,362 Tranche 1 ZPOs	244,009 Tranche 1 ZPOs	229,655 Tranche 1 ZPOs	244,009 Tranche 1 ZPOs	15 years from the date of issue
For the period 1 November 2023 to 31 January 2024 (Tranche 2 ZPOs)	AUD\$24,975* worth of Board and Committee fees	AUD\$23,588* worth of Board and Committee fees	AUD\$22,200* worth of Board and Committee fees	AUD\$23,588* worth of Board and Committee fees	15 years from the date of issue
For the period 1 February 2024 to 30 April 2024 (Tranche 3 ZPOs)	AUD\$24,975* worth of Board and Committee fees	AUD\$23,588* worth of Board and Committee fees	AUD\$22,200* worth of Board and Committee fees	AUD\$23,588* worth of Board and Committee fees	15 years from the date of issue
For the period 1 May 2024 to 31 July 2024 (Tranche 4 ZPOs)	AUD\$24,975* worth of Board and Committee fees	AUD\$23,588* worth of Board and Committee fees	AUD\$22,200* worth of Board and Committee fees	AUD\$ 23,588* worth of Board and Committee fees	15 years from the date of issue

*multiplied by 120% as set out in section 6.2 above.

Also effective from 1 July 2023, the Executive Directors' agreed to continue to salary sacrifice 5% of their FY24 salary in return for 120% of their respective salary sacrifice in ZPOs in the Company, subject to obtaining Shareholder approval. From 1 August 2023, Johannes Risseeuw agreed to increase his salary sacrifice from 5% to 10%.

Accordingly, the Company therefore proposes to remunerate each of its Executive Directors for FY24 as follows:

¹ An amount equal to 120% of Mr Hurwitz's remuneration for the relevant period, including AUD\$75,000 in non-executive director cash fees, AUD\$10,000 in committee chair fees in Mr Hurwitz capacity as Chair of the Remuneration and Nomination Committee and AUD\$5,000 in committee fees as a member of the Audit and Risk Committee. All cash values are rounded to the nearest dollar.

² An amount equal to 120% of Mr Fairchild's remuneration for the relevant period, including AUD\$75,000 in non-executive director cash fees, AUD\$10,000 in committee chair fees in Mr Fairchild's capacity as Chair of the Audit and Risk Committee. All cash values are rounded to the nearest dollar.

³ An amount equal to 120% of Ms La Mela's remuneration for the relevant period, including AUD\$75,000 in non-executive director cash fees and AUD\$5,000 in committee fees as a member of the Remuneration and Nomination Committee. All cash values are rounded to the nearest dollar.

⁴ An amount equal to 120% of Mr Yencken's remuneration for the relevant period, including AUD\$83,250 in non-executive director cash fees, and AUD\$11,100 in committee fees in Mr Yencken's capacity as a member of the Remuneration and Nomination Committee and the Audit and Risk Committee. Mr Yencken is a U.S resident Non-Executive Director and receives a grossed up non-executive director cash fee and committee fees. All cash values are rounded to the nearest dollar.

- (a) total annual salary of AUD\$455,100 (inclusive of superannuation)⁵;
- (b) subject to obtaining the relevant Shareholder approvals, up to 2,785,326 FY24 LTI Securities;
- (c) subject to obtaining the relevant Shareholder approvals, 1,000,000 FY24 Retention Options as set out in section 8.1;
- (d) STI of up to \$256,250; and
- (e) subject to obtaining the relevant Shareholder approvals, the following ZPOs in lieu of part of the salary set out in (a) above:

Period	Number of ZPOS		Expiry Date
	Mr Johannes Risseeuw	Mr Christian Damstra	
For the period 1 July 2023 to 31 October 2023 (Tranche 1 ZPOs)	173,136 Tranche 1 ZPOs ⁶	98,935 Tranche 1 ZPOs ⁷	15 years from the date of issue
For the period 1 November 2023 to 31 January 2024 (Tranche 2 ZPOs)	AUD\$11,378* worth of salary sacrifice in Tranche 2 ZPOs	AUD\$5,689* worth of salary sacrifice in Tranche 2 ZPOs	15 years from the date of issue
For the period 1 February 2024 to 30 April 2024 (Tranche 3 ZPOs)	AUD\$11,378* worth of salary sacrifice in Tranche 3 ZPOs	AUD\$5,689* worth of salary sacrifice in Tranche 3 ZPOs	15 years from the date of issue
For the period 1 May 2024 to 31 July 2024 (Tranche 4 ZPOs)	AUD\$11,378* worth of salary sacrifice in Tranche 4 ZPOs	AUD\$5,689* worth of salary sacrifice in Tranche 4 ZPOs	15 years from the date of issue

*multiplied by 120% as set out in section 6.2 above.

The Tranche 1 ZPOs, Tranche 2 ZPOs, Tranche 3 ZPOs, and Tranche 4 ZPOs are collectively referred to as the **Salary Sacrifice Options**.

7.2 Summary of Chapter 2E of the Corporations Act

Under section 208 of the Corporations Act, for a public company to give a financial benefit to a related party (such as a Director of the Company), the public company or entity must obtain the approval of the company's members unless the giving of the financial benefit falls within an exception set out in sections 210 and 216 of the Corporations Act. Section 229 of the Corporations Act defines "financial benefit" broadly and includes, as an example of a "financial benefit", the issuing of securities or the granting of an option to a related party.

In respect of each of Resolutions 6 and 7, the relevant disinterested Directors consider that the proposed issue of the Salary Sacrifice Options under each Resolution constitutes reasonable remuneration to the respective Directors and, as such, falls within the exception set out in section 211 of the Corporations Act. In reaching this view, the disinterested Directors considered:

- (a) the position and responsibilities of each Director;
- (b) the Company's reliance on each Director;
- (c) the time commitment and workload required of each Director to drive the Company's strategies and objectives;
- (d) the considerable contribution that each Director has made and continues to make to the growth of the Company's business;

⁵ The Executive Director salary of AUD\$455,100 (inclusive of superannuation) is inclusive of the Salary Sacrifice Options.

⁶ 173,136 Tranche 1 ZPOs, being the amount equal to AUD\$13,274 multiplied by 120% (rounded to the nearest dollar) for the period 1 July 2023 to 31 October 2023. The total amount represents 5% of Johannes Risseeuw's salary for the period 1 July 2023 to 31 July 2023, and 10% of his salary for the period 1 August 2023 to 31 October 2023.

⁷ 98,935 Tranche 1 ZPOs, being the amount equal to AUD\$7,585 multiplied by 120% (rounded to the nearest dollar) for the period 1 July 2023 to 31 October 2023, representing 5% of Christian Damstra's salary for that same period.

- (e) the need for the Company to effectively incentivise the Company's Directors (as appropriate, having regard to best corporate governance practices) while aligning the incentive with increasing Shareholder value;
- (f) the desirability of preserving cash resources within the Company;
- (g) the composition and value of the remuneration packages of Directors of other ASX-listed companies of similar size and circumstances to that of the Company; and
- (h) the terms of the Salary Sacrifice Options in light of the Company's business objectives and the current Share price.

Accordingly, Shareholders are being asked to approve the issue of the Salary Sacrifice Options under Resolutions 6 and 7 in accordance with ASX Listing Rule 10.14 only.

7.3 Summary of ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires Shareholder approval to be obtained in respect of an issue of equity securities (which includes Options) under an employee incentive plan to a Director of the Company. If approval is given under ASX Listing Rule 10.14, approval is not required under ASX Listing Rules 7.1 or 10.11.

If either of Resolution 6 or 7 is approved, the grant of the Salary Sacrifice Options to the relevant Directors will not be included in calculating the Company's 15% Placement Capacity.

If Shareholders do not approve either of Resolution 6 or 7, the proposed grants which are the subject of that unapproved Resolution will not proceed. In that circumstance, issues may arise with the competitiveness of the relevant Directors' total remuneration packages and alignment of rewards with other Executive Directors and Non-Executive Directors in the Company. The Board would then need to consider alternative remuneration arrangements which are consistent with the Company's remuneration principles, including providing equivalent cash incentives.

7.4 Technical information required by ASX Listing Rule 10.15

For the purposes of ASX Listing Rule 10.15, the following information is provided:

(a) Securities to be issued

The securities proposed to be issued are as follows:

- (i) for the purposes of Resolution 6 to each Executive Director, being:
 - (A) Johannes Risseeuw, an Executive Director of the Company (for the purposes of ASX Listing Rule 10.14.1), or his nominee, which would be an Associate of Mr Risseeuw (for the purposes of ASX Listing Rule 10.14.2); and
 - (B) Christian Damstra, an Executive Director of the Company (for the purposes of ASX Listing Rule 10.14.1), or his nominee, which would be an Associate of Mr Damstra (for the purposes of ASX Listing Rule 10.14.2):

Salary Sacrifice Options	Number of Options / Formula to determine the number of Options to be issued to each Executive Director
Tranche 1 ZPOs	173,136, being the amount equal to AUD\$13,274 multiplied by 120%, divided by the 5-day VWAP starting from 1 July 2023 are issued to Mr Johannes Risseeuw.
	98,935, being the amount equal to AUD\$7,585 multiplied by 120%, divided by the 5-day VWAP starting from 1 July 2023 are issued to Mr Christian Damstra.
Tranche 2 ZPOs	The number of Tranche 2 ZPOs shall be amount equal to: <ul style="list-style-type: none"> • AUD\$11,378 multiplied by 120%, divided by the 5-day VWAP starting from 1 November 2023 for Mr Johannes Risseeuw; and • AUD\$5,689 multiplied by 120%, divided by the 5-day VWAP starting from 1 November 2023 for Mr Christian Damstra
Tranche 3 ZPOs	The number of Tranche 3 ZPOs shall be amount equal to: <ul style="list-style-type: none"> • AUD\$11,378 multiplied by 120%, divided by the 5-day VWAP starting from 1 February 2024 for Mr Johannes Risseeuw; and • AUD\$5,689 multiplied by 120%, divided by the 5-day VWAP starting from 1 February 2024 for Mr Christian Damstra

Tranche 4 ZPOs	<p>The number of Tranche 4 ZPOs shall be amount equal to:</p> <ul style="list-style-type: none"> • AUD\$11,378 multiplied by 120%, divided by the 5-day VWAP starting from 1 May 2024 for Mr Johannes Risseeuw; and • AUD\$5,689 multiplied by 120%, divided by the 5-day VWAP starting from 1 May 2024 for Mr Christian Damstra
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(ii) for the purposes of Resolution 7, to each Non-Executive Director, being:

- (A) Drew Fairchild, a Non-Executive Director of the Company (for the purposes of ASX Listing Rule 10.14.1), or his nominee, which would be an Associate of Mr Fairchild (for the purposes of ASX Listing Rule 10.14.2);
- (B) Morgan Hurwitz, a Non-Executive Director of the Company (for the purposes of ASX Listing Rule 10.14.1), or his nominee, which would be an Associate of Mr Hurwitz (for the purposes of ASX Listing Rule 10.14.2);
- (C) Simon Yencken, a Non-Executive Director of the Company (for the purposes of ASX Listing Rule 10.14.1), or his nominee, which would be an Associate of Mr Yencken (for the purposes of ASX Listing Rule 10.14.2); and
- (D) Sara La Mela, a Non-Executive Director of the Company (for the purposes of ASX Listing Rule 10.14.1), or her nominee, which would be an Associate of Mrs La Mela (for the purposes of ASX Listing Rule 10.14.2):

Salary Sacrifice Options	Number of Options / Formula to determine the number of Options to be issued to each Non-Executive Director
Tranche 1 ZPOs	229,655, being the amount equal to AUD\$22,200 multiplied by 120%, divided by the 5-day VWAP starting from 1 August 2023 are to be issued to Mrs Sara La Mela.
	258,362, being the amount equal to AUD\$24,975 multiplied by 120%, divided by the 5-day VWAP starting from 1 August 2023 are to be issued to Mr Morgan Hurwitz.
	244,009, being the amount equal to AUD\$23,588 multiplied by 120%, divided by the 5-day VWAP starting from 1 August 2023 are to be issued to Mr Drew Fairchild.
	244,009, being the amount equal to AUD\$23,588 multiplied by 120%, divided by the 5-day VWAP starting from 1 August 2023 are to be issued to Mr Yencken.
Tranche 2 ZPOs	<p>The number of Tranche 2 ZPOs shall be an amount equal to:</p> <ul style="list-style-type: none"> • AUD\$22,200 multiplied by 120%, divided by the 5-day VWAP starting from 1 November 2023 for Mrs Sara La Mela; • AUD\$24,975 multiplied by 120%, divided by the 5-day VWAP starting from 1 November 2023 for Mr Morgan Hurwitz; • AUD\$23,588 multiplied by 120%, divided by the 5-day VWAP starting from 1 November 2023 for Mr Drew Fairchild; and • AUD\$ 23,588 multiplied by 120%, divided by the 5-day VWAP starting from 1 November 2023 for Mr Yencken.
Tranche 3 ZPOs	<p>The number of Tranche 3 ZPOs shall be an amount equal to:</p> <ul style="list-style-type: none"> • AUD\$22,200 multiplied by 120%, divided by the 5-day VWAP starting from 1 February 2024 for Mrs Sara La Mela; • AUD\$24,975 multiplied by 120%, divided by the 5-day VWAP starting from 1 February 2024 for Mr Morgan Hurwitz; and • AUD\$23,588 multiplied by 120%, divided by the 5-day VWAP starting from 1 February 2024 for Mr Drew Fairchild; and • AUD\$23,588 multiplied by 120%, divided by the 5-day VWAP starting from 1 February 2024 for Mr Yencken.

Tranche 4 ZPOs	<p>The number of Tranche 4 ZPOs shall be an amount equal to:</p> <ul style="list-style-type: none"> • AUD\$22,200 multiplied by 120%, divided by the 5-day VWAP starting from 1 May February 2024 for Mrs Sara La Mela; • AUD\$24,975 multiplied by 120%, divided by the 5-day VWAP starting from 1 May 2024 for Mr Morgan Hurwitz; and • AUD\$23,588 multiplied by 120%, divided by the 5-day VWAP starting from 1 May 2024 for Mr Drew Fairchild; and • AUD\$23,588 multiplied by 120%, divided by the 5-day VWAP starting from 1 May 2024 for Mr Yencken.
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(b) Current Remuneration Package

The total remuneration package of each Director is set out in section 7.1 of this Explanatory Memorandum.

(c) Previous grants under the EIP

Mr Damstra (or his nominee) has previously been issued the following securities under the EIP, each granted for nil (\$0) grant price:

- (i) 982,142 Options issued under the EIP exercisable at \$1.5175 per Option and expiring on 16 October 2034, subject to vesting conditions;
- (ii) 200,000 Options issued under the EIP exercisable at \$0.00 per Option and expiring on 16 October 2034, subject to vesting conditions. All of these Options have since vested and been exercised into Shares;
- (iii) 130,193 Options issued under the EIP exercisable at \$0.00 per Option and expiring on 30 September 2035, subject to vesting conditions. 65,096 of these Options have vested and been exercised into Shares;
- (iv) 395,068 Options issued under the EIP exercisable at \$3.2375 per Option and expiring on 30 September 2026, subject to vesting conditions;
- (v) 491,073 Options issued under the EIP exercisable at \$3.2375 per Option and expiring on 30 September 2026, subject to vesting conditions;
- (vi) 48,612 Options issued under the EIP exercisable at \$0.00 per option and expiring on 1 September 2036, subject to vesting conditions;
- (vii) 148,441 unlisted options issued under the EIP exercisable at \$1.6975 per option and expiring on 1 September 2027, subject to vesting conditions;
- (viii) 1,562,500 unlisted options issued under the EIP exercisable at \$0.00 per option and expiring on 30 November 2037, subject to vesting conditions;
- (ix) 34,531 unlisted options issued under the EIP exercisable at \$0.00 per option and expiring on 30 November 2037;
- (x) 40,450 unlisted options issued under the EIP exercisable at \$0.00 per option and expiring on 30 November 2037;
- (xi) 46,996 unlisted options issued under the EIP exercisable at \$0.00 per option and expiring on 25 January 2038; and
- (xii) 75,306 unlisted options issued under the EIP exercisable at \$0.00 per option and expiring on 19 April 2038, subject to vesting conditions.

Mr Risseeuw (or his nominee) has previously been issued the following securities under the EIP, each granted for nil (\$0) grant price:

- (i) 982,142 Options issued under the EIP exercisable at \$1.5175 per Option and expiring on 16 October 2034, subject to vesting conditions;
- (ii) 200,000 Options issued under the EIP exercisable at \$0.00 per Option and expiring on 16 October 2034, subject to vesting conditions. All of these Options have since vested and been exercised into Shares;
- (iii) 130,193 Options issued under the EIP exercisable at \$0.00 per Option and expiring on 30 September 2035, subject to vesting conditions. 65,096 of these Options have vested and been exercised into Shares;
- (iv) 395,068 Options issued under the EIP exercisable at \$3.2375 per Option and expiring on 30 September 2026, subject to vesting conditions;

- (v) 491,073 Options issued under the EIP exercisable at \$3.2375 per Option and expiring on 30 September 2026, subject to vesting conditions;
- (vi) 62,023 Options issued under the EIP exercisable at \$0.00 per option and expiring on 1 September 2036, subject to vesting conditions. 15,506 of these Options have vested and been exercised into Shares;
- (vii) 189,390 unlisted options issued under the EIP exercisable at \$1.6975 per option and expiring on 1 September 2027, subject to vesting conditions;
- (viii) 1,562,500 unlisted options issued under the EIP exercisable at \$0.00 per option and expiring on 30 November 2037, subject to vesting conditions;
- (ix) 34,531 unlisted options issued under the EIP exercisable at \$0.00 per option and expiring on 30 November 2037;
- (x) 40,450 unlisted options issued under the EIP exercisable at \$0.00 per option and expiring on 30 November 2037;
- (xi) 46,996 unlisted options issued under the EIP exercisable at \$0.00 per option and expiring on 25 January 2038; and
- (xii) 75,306 unlisted options issued under the EIP exercisable at \$0.00 per option and expiring on 19 April 2038, subject to vesting conditions.

Mr Fairchild (or his nominee) has previously been issued the following securities under the EIP, each granted for nil (\$0) grant price:

- (i) 133,333 Options issued under the EIP exercisable at \$0.00 per option and expiring on 16 October 2034, subject to vesting conditions;
- (ii) 54,867 Options issued under the EIP exercisable at \$0.00 per option expiring on 30 November 2037;
- (iii) 34,390 Options issued under the EIP exercisable at \$0.00 per option expiring on 25 January 2037; and
- (iv) 55,106 Options issued under the EIP exercisable at \$0.00 per option expiring on 19 April 2038.

Mr Hurwitz (or his nominee) has previously been issued the following securities under the EIP, each granted for nil (\$0) grant price:

- (i) 133,333 Options issued under the EIP exercisable at \$0.00 per option and expiring on 16 October 2034, subject to vesting conditions. All of these Options have since vested and been exercised into Shares;
- (ii) 54,867 Options issued under the EIP exercisable at \$0.00 per option expiring on 30 November 2037;
- (iii) 34,390 Options issued under the EIP exercisable at \$0.00 per option expiring on 25 January 2037; and
- (iv) 55,106 Options issued under the EIP exercisable at \$0.00 per option expiring on 19 April 2038.

Mr Yencken (or his nominee) has previously been issued the following securities under the EIP, each granted for nil (\$0) grant price:

- (i) 133,333 Options issued under the EIP exercisable at \$0.00 per option and expiring on 16 October 2034, subject to vesting conditions. All of these Options have since vested and been exercised into Shares.
- (ii) 54,867 Options issued under the EIP exercisable at \$0.00 per option expiring on 30 November 2037;
- (iii) 34,390 Options issued under the EIP exercisable at \$0.00 per option expiring on 25 January 2037; and
- (iv) 55,106 Options issued under the EIP exercisable at \$0.00 per option expiring on 19 April 2038.

Mrs Sara La Mela (or her nominee) has previously been issued the following securities under the EIP, each granted for nil (\$0) grant price:

- (i) 54,867 Options issued under the EIP exercisable at \$0.00 per option expiring on 30 November 2037;
- (ii) 34,390 Options issued under the EIP exercisable at \$0.00 per option expiring on 25 January 2037; and
- (iii) 55,106 Options issued under the EIP exercisable at \$0.00 per option expiring on 19 April 2038.

(d) Summary of Option terms

The proposed issue of the Salary Sacrifice Options pursuant to Resolutions 6 and 7 are seen as a cost-effective way of providing all Executive Directors and Non-Executive Directors with deferred variable remuneration in the form of zero-priced options as part of a salary sacrifice arrangement.

The Company attributes a value of \$0.092 to each of the Tranche 1 ZPO, based on a fair value determined as the 5-day VWAP from 1 July 2023.

The material terms of the Salary Sacrifice Options (the subject of Resolution 6 and 7) are as follows:

- (i) nil (\$0) exercise price per Salary Sacrifice Option;
- (ii) the Salary Sacrifice Options will be issued for nil consideration. Accordingly, no loan will be provided in respect of the issue or exercise of the Salary Sacrifice Options;
- (iii) the Salary Sacrifice Options will expire on of the 15th anniversary of the issue date;
- (iv) each Salary Sacrifice Options is exercisable into one Share;
- (v) subject to the relevant Director remaining continuously employed and no notice of resignation or termination has been given as at the relevant vesting date, the Salary Sacrifice Options will vest as follows:
 - (A) Tranche 1 ZPOs will vest at 5pm (Melbourne time) on 31 October 2023;
 - (B) Tranche 2 ZPOs will vest at 5pm (Melbourne time) on 31 January 2024;
 - (C) Tranche 3 ZPOs will vest at 5pm (Melbourne time) on 30 April 2024; and
 - (D) Tranche 4 ZPOs will vest at 5pm (Melbourne time) on 31 July 2024.
- (vi) if employment or engagement as a Director ceases on or prior to 31 July 2024 and the relevant Director is considered a Good Leaver, unless the Board determines otherwise, the relevant Director's Salary Sacrifice Options relating to the quarter in which the employment or engagement as a Director ceased shall vest pro rata to the proportion of the relevant quarter during which the Director was engaged or employed;
- (vii) if the Director becomes a Bad Leaver, unless the Board determines otherwise, all of the relevant Director's vested and unvested Salary Sacrifice Options will be forfeited in accordance with the EIP Rules; and
- (viii) as the Salary Sacrifice Option are to be issued under the EIP, the terms of the EIP will also apply to the Salary Sacrifice Option.

(e) Timing of issue

The Tranche 1 ZPOs will be issued as soon as reasonably practicable following the Meeting and, in any event, by no later than 3 years after the date of the Meeting. The Tranche 2 ZPOs, Tranche 3 ZPOs and Tranche 4 ZPOs will be issued as soon as reasonably practicable following the determination of the amount of Tranche 2 ZPOs, Tranche 3 ZPOs and Tranche 4 ZPOs to be issued and, in any event, by no later than 3 years after the date of the Meeting.

(f) EIP terms

A summary of the EIP Rules is set out at Annexure B. A full copy of the EIP Rules is available on the ASX platform or from the Company by contacting the Company Secretary on +61 3 9614 2444 or at damstra@cdplus.com.au.

(g) Annual Reporting

Details of any securities issued under the EIP will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14.

Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the EIP after Resolution 6 and 7 are approved and who were not named in this Notice will not participate until approval is obtained under ASX Listing Rule 10.14.

(h) Voting exclusion statement

A voting exclusion statement is included in the Notice for the purpose of Resolution 6 and 7.

7.5 Board Recommendation

The Board (other than the Executive Directors) recommends that you vote in favour of Resolution 6. The Executive Directors have abstained from making a recommendation to Shareholders in respect of this Resolution due to their material personal interest in the outcome of it.

The Board (other than the Non-Executive Directors) recommends that you vote in favour of Resolution 7. The Non-Executive Directors have abstained from making a recommendation to Shareholders in respect of this Resolution due to their material personal interest in the outcome of it.

8. Resolution 8 and Resolution 11 – Approval of Director Participation in Equity Incentive Plan and Issue of FY24 LTI Options and FY24 Retention Options to Executive Directors

8.1 Background

LTI

In respect of FY24, and subject to obtaining the relevant Shareholder approvals, it is proposed that the following ZPOs (**FY24 LTI Options**) are awarded to the Executive Directors of the Company under the LTI program, calculated on the basis of the VWAP over the 5 days on which trades in Shares occurred from and including 1 July 2023:

Executive Director	% of annual base salary	5-day VWAP	No. of LTI Securities	FY24 LTI Securities	Exercise Price	Expiry Date
Christian Damstra	62.5% at stretch, being \$205,000	\$0.092	2,785,326	Options	Nil	15 years from the date of issue
Johannes Risseuw	62.5% at stretch, being \$205,000	\$0.092	2,785,326	Options	Nil	15 years from the date of issue

(a) Vesting

- (i) A proportion of the FY24 LTI Options will vest following the 5th day on which trades in Shares occur immediately following release of the FY26 Annual Report (**Vesting Date**) provided that:
- (A) the relevant Executive Director remains employed or engaged by a member of the Company group and no notice of termination or resignation has been given at the date on which the FY26 Annual Report is announced (expected to be in or around August 2026); and
- (B) the VWAP over the 5 days on which trades in Shares occurs following release of the FY26 Annual Report is greater than \$0.23.
- (ii) The proportion of FY24 LTI Options that will vest on the Vesting Date will be calculated with reference to the compound annual growth rate in the Company's revenue during the period 1 July 2023 to 30 June 2026 (**Revenue CAGR**) (based on ARR). Accordingly, the number of FY24 LTI Options that will vest on the Vesting Date are set out in the following table:

Performance Level	Revenue (ARR)	CAGR	% of LTI Securities to vest
Stretch	22%		100%
Between Target and Stretch			Pro-rata straight line basis
Target	16%		80%
Between Threshold and Target			Pro-rata straight line basis
Threshold	12%		20%
Below Threshold			0%

For the purposes of the Revenue CAGR calculation:

- (A) revenue will be measured without inclusion of any revenue from mergers or acquisitions subsequent to 1 July 2023;
- (B) 'starting revenue' will be \$29.8m, being the Company's Revenue for FY23 (\$29.5m as set out in the audited consolidated accounts for FY23 plus Damstra's percentage share of JV revenue of \$0.3m); and
- (C) 'end revenue' will be the Company's Revenue for FY26 as determined by the Board, having regard to the audited annual consolidated accounts for FY26 and including Damstra's percentage share of JV revenue.

- (iii) If the relevant Executive Director becomes a Leaver prior to the date of announcement of the Company's FY26 annual audited consolidated results, the FY24 LTI Performance Rights will not vest and will be forfeited.

Retention Options

In respect of FY24, and subject to obtaining the relevant Shareholder approvals, the Company has agreed to issue the following retention securities under the EIP:

- (i) 1,000,000 ZPOs (**FY24 Retention Options**) to Chairman and Executive Director, Mr Johannes Risseeuw (or his nominee); and
- (ii) 1,000,000 FY24 Retention Options to Chief Executive Officer and Executive Director, Mr Christian Damstra (or his nominee).

(a) Vesting

The FY24 Retention Options will vest as follows:

- (i) 50% of FY24 Retention Options will vest on 30 June 2024; and
- (ii) 50% of FY24 Retention Options will vest on 30 June 2025,

provided that the relevant Executive Director remains employed or engaged by a member of the Company group and no notice of termination or resignation has been given at the relevant vesting date.

8.2 Summary of Chapter 2E of the Corporations Act

Please refer to section 7.2 of the Explanatory Memorandum for a summary of Chapter 2E of the Corporations Act.

In respect of each Resolution, the relevant disinterested Directors consider that the proposed issue of the FY24 LTI Options and FY24 Retention Options under each respective Resolution constitutes reasonable remuneration to the respective Director and, as such, falls within the exception set out in section 211 of the Corporations Act. In reaching this view, the disinterested Directors considered:

- (a) the position and responsibilities of each of Mr Damstra and Mr Risseeuw;
- (b) the Company's reliance on each Executive Director;
- (c) the time commitment and workload required of each Executive Director to drive the Company's strategies and objectives;
- (d) the considerable contribution that each of Mr Damstra and Mr Risseeuw, respectively, have made and continue to make to the growth of the Company's business;
- (e) the need for the Company to effectively incentivise the Company's Executive Directors while aligning the incentive with increasing shareholder value;
- (f) the desirability of preserving cash resources within the Company;
- (g) the composition and value of the remuneration packages of executive directors of other ASX-listed companies of similar size and circumstances to that of the Company; and
- (h) the terms of the FY24 LTI Options and FY24 Retention Options in light of the Company's business objectives and the current Share price.

The Board believes that the FY24 LTI Options and FY24 Retention Options are an effective remuneration and incentive tool which preserves the cash reserves of the Company whilst providing valuable remuneration and incentive to Mr Damstra and Mr Risseeuw.

Accordingly, Shareholders are being asked to approve the issue of the Options in accordance with ASX Listing Rule 10.14 only.

8.3 Summary of ASX Listing Rule 10.14

Please refer to section 7.3 of the Explanatory Memorandum for a summary of ASX Listing Rule 10.14.

If Resolutions 8 to 11 are approved, the relevant grant of FY24 LTI Options and FY24 Retention Options to Mr Damstra and Mr Risseeuw will not be included in calculating the Company's 15% Placement Capacity.

If Shareholders do not approve any of Resolutions 8 to 11, the relevant grant of FY24 LTI Options and FY24 Retention Options will not proceed. In that circumstance, issues may arise with the competitiveness of Mr Damstra's or Mr Risseeuw's (as relevant) total remuneration package and alignment of rewards with other senior executives in the

Company. The Board would then need to consider alternative remuneration arrangements which are consistent with the Company's remuneration principles, including providing equivalent cash incentives.

8.4 Technical information required by ASX Listing Rule 10.15

For the purposes of ASX Listing Rule 10.15, the following information is provided:

(a) Securities to be issued

The securities proposed to be issued are as follows:

(i) to Johannes Risseeuw, being an Executive Director of the Company (for the purposes of ASX Listing Rule 10.14.1), or his nominee, which would be an Associate of Mr Risseeuw (for the purposes of ASX Listing Rule 10.14.2):

(A) 2,785,326 FY24 LTI Options (being the subject of Resolution 8); and

(B) 1,000,000 FY24 Retention Options (being the subject of Resolution 10);

(ii) to Christian Damstra, being an Executive Director of the Company (for the purposes of ASX Listing Rule 10.14.1), or his nominee, which would be an Associate of Mr Damstra (for the purposes of ASX Listing Rule 10.14.2):

(A) 2,785,326 FY24 LTI Options to Christian Damstra (being the subject of Resolution 9); and

(B) 1,000,000 FY24 Retention Options (being the subject of Resolution 11).

(b) Current Remuneration Package

The total remuneration package of each Executive Director is set out in section 7.1 of this Explanatory Memorandum.

(c) Previous grants under the EIP

Please refer to section 7.4(c) of the Explanatory Memorandum for the list of securities previously issued to Mr Risseeuw (or his nominee) and Mr Damstra (or his nominee) under the EIP.

(d) Summary of Option terms

The proposed issue of the FY24 LTI Options and FY24 Retention Options pursuant to Resolution 8 to Resolution 11 are seen as a cost effective way of providing Mr Damstra and Mr Risseeuw tangible incentives to enhance the performance of the Company and to seek to further align Mr Damstra's and Mr Risseeuw's interests with those of Shareholders by linking their remuneration with the short and long term performance of the Company.

The Company attributes the following value to each of the following:

(i) \$0.092 per FY24 LTI Option, based on fair value determined as the 5-day VWAP from 1 July 2023;

(ii) \$0.092 per FY24 Retention Option, based on fair value determined as the 5-day VWAP from 1 July 2023;

The material terms of the FY24 LTI Options (the subject of Resolution 8 and Resolution 9) are as follows:

(i) nil (\$0) exercise price per FY24 LTI Options;

(ii) the FY24 LTI Options will be issued for nil consideration. Accordingly, no loan will be provided in respect of the issue or exercise of the FY24 LTI Options;

(iii) the FY24 LTI Options will not entitle the relevant Executive Director to vote at a meeting of the shareholders of the Company nor receive any dividends declared by the Company;

(iv) the FY43 LTI Options will expire at 5:00pm (Melbourne time) on the 15th anniversary from the date of issue;

(v) if the relevant Executive Director holds vested FY24 LTI Options and becomes a Leaver in accordance with the EIP Rules, the expiry date in respect of those vested FY24 LTI Options will be 5:00pm (Melbourne time) on the thirtieth (30th) day after becoming a Leaver, unless otherwise determined by the Board;

(vi) each FY24 LTI Options is exercisable into one Share. The Board may determine if each FY24 LTI Option is settled by way of the issue of a Share or cash settled. If cash settled, the relevant Executive Director will receive a cash payment equal to the VWAP of the Shares for the 5 trading days prior to the day on which the options are validly exercised multiplied by the requisite number of resulting Shares;

(vii) other material terms of the FY24 LTI Options, including the vesting conditions, are set out in section 8.1 of the Explanatory Memorandum; and

(viii) as the FY24 LTI Options are to be issued under the EIP, the terms of the EIP will also apply. A summary of the EIP Rules is set out in Annexure B to this Notice.

The material terms of the FY24 Retention Options (the subject of Resolution 10 and Resolution 11) are as follows:

- (i) nil (\$0) exercise price per FY24 Retention Options;
- (ii) the FY24 Retention Options will be issued for nil consideration. Accordingly, no loan will be provided in respect of the issue or exercise of the FY24 Retention Options;
- (iii) the FY24 Retention Options will not entitle the relevant Executive Director to vote at a meeting of the shareholders of the Company nor receive any dividends declared by the Company;
- (iv) the FY24 Retention Options will expire at 5:00pm (Melbourne time) on the 15th anniversary from the date of issue;
- (v) if the relevant Executive Director holds vested FY24 Retention Options and becomes a Leaver in accordance with the EIP Rules, the expiry date in respect of those vested FY24 Retention Options will be 5:00pm (Melbourne time) on the thirtieth (30th) day after becoming a Leaver, unless otherwise determined by the Board;
- (vi) each FY24 Retention Option is exercisable into one Share. The Board may determine if each FY24 Retention Option is settled by way of the issue of a Share or cash settled. If cash settled, the relevant Executive Director will receive a cash payment equal to the VWAP of the Shares for the 5 trading days prior to the day on which the options are validly exercised multiplied by the requisite number of resulting Shares;
- (vii) other material terms of the FY24 Retention Options, including the vesting conditions, are set out in section 8.1 of the Explanatory Memorandum;
- (viii) as the FY24 Retention Options are to be issued under the EIP, the terms of the EIP will also apply. A summary of the EIP Rules is set out in Annexure B to this Notice.

(e) Timing of issue

The FY24 LTI Options and FY24 Retention Options will be issued as soon as reasonably practicable following the Meeting and, in any event, by no later than 3 years after the date of the Meeting.

(f) EIP terms

A summary of the EIP Rules is set out at Annexure B. A full copy of the EIP Rules is available on the ASX platform or from the Company by contacting the Company Secretary on +61 3 9614 2444 or at damstra@cdplus.com.au.

(g) Annual Reporting

Details of any securities issued under the EIP will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14.

Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the EIP after Resolution 8 to Resolution 11 are approved and who were not named in this Notice will not participate until approval is obtained under ASX Listing Rule 10.14.

(h) Voting exclusion statement

A voting exclusion statement is included in the Notice for the purpose of Resolution 8 to Resolution 11.

8.5 Board Recommendation

The Board (other than Johannes Risseeuw) recommends that you vote in favour of Resolution 8 and 10. Mr Risseeuw has abstained from making a recommendation to Shareholders in respect of these Resolutions due to his material personal interest in the outcome of it.

The Board (other than Christian Damstra) recommends that you vote in favour of Resolution 9 and 11. Mr Damstra has abstained from making a recommendation to Shareholders in respect of these Resolutions due to his material personal interest in the outcome of it.

Glossary

\$ means Australian dollars.

10% Placement Capacity has the meaning ascribed to it in section 4.1 of the Explanatory Memorandum.

15% Placement Capacity has the meaning ascribed to it in section 4.2 of the Explanatory Memorandum.

2022 AGM means the Company's annual general meeting held on 30 November 2022.

AEDT means Australian Eastern Daylight Time as observed in Melbourne, Victoria, Australia.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

Annual Report means the annual financial report of the Company for the year ended 30 June 2023.

Associate has the meaning given to it in ASX Listing Rule 19.12.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Auditor's Report means the auditor's report contained in the Annual Report.

Bad Leaver has the meaning ascribed to it in clause 1.1 of the EIP Rules.

Board means the current board of Directors.

Chair means the chairperson of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

Company or **Damstra** means Damstra Holdings Limited ACN 610 571 607.

Constitution means the Company's constitution.

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

Closing Price has the meaning ascribed to it in section 4.4.4 of the Explanatory Memorandum.

Directors means the current directors of the Company.

Directors' Report means the directors' report contained in the Annual Report.

EIP means the Company's Equity Incentive Plan.

EIP Rules means the rules governing the EIP.

Eligible Entity has the meaning ascribed to it in section 4.2 of the Explanatory Memorandum.

Expiry Date has the meaning ascribed to it in section 5.1 of the Explanatory Memorandum.

Explanatory Memorandum means the explanatory memorandum accompanying the Notice.

Facility has the meaning ascribed to it in section 5.1 of the Explanatory Memorandum.

Facility Agreement has the meaning ascribed to it in section 5.1 of the Explanatory Memorandum.

FY23 means the financial year ending 30 June 2023.

FY23 LTI Options has the meaning ascribed to it in section 8.1 of the Explanatory Memorandum.

FY24 Retention Options has the meaning ascribed to it in section 8.1 of the Explanatory Memorandum.

Good Leaver has the meaning ascribed to it clause 1.1 of the EIP Rules.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Leaver has the meaning ascribed to it clause 1.1 of the EIP Rules.

LTI has the meaning ascribed to it in section 6.1 of the Explanatory Memorandum.

Notice or **Notice of Annual General Meeting** means this notice of Annual General Meeting, including the Explanatory Memorandum and the Voting Form.

Options means options exercisable into Shares in the Company.

Ordinary Resolution means that more than 50% of votes cast by Shareholders eligible to vote and present at the Meeting (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative) must be in favour of a Resolution for it to be passed.

PFG means Partners for Growth VI, L.P.

PFG Nominees has the meaning ascribed to it in section 5.1 of the Explanatory Memorandum.

PFG Warrants has the meaning ascribed to it in section 5.1 of the Explanatory Memorandum.

Related Party has the meaning given to it in ASX Listing Rule 19.12.

Remuneration Report means the remuneration report set out in the Directors' Report contained in the Company's Annual Report.

Resolution means a resolution set out in the Notice.

Restricted KMP Voter is one of the following persons who or on whose behalf a vote on a Resolution must not be cast (in any capacity):

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

Resulting Shares has the meaning ascribed to it clause 1.1 of the EIP Rules.

Revenue CAGR has the meaning ascribed to it in section 8.1(a)(ii) of the Explanatory Memorandum.

Salary Sacrifice Options has the meaning ascribed to it in section 7.1 of the Explanatory Memorandum.

Security Interest has the meaning ascribed to it clause 1.1 of the EIP Rules.

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

Share Registry means the share registry of the Company, being Automic Registry Services.

Shareholder means a holder of a Share.

Special Resolution means that at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative) must be in favour of a Resolution for it to be passed.

Spill Meeting has the meaning ascribed to it in section 2.2 of the Explanatory Memorandum.

Spill Resolution has the meaning ascribed to it in section 2.2 of the Explanatory Memorandum.

STI has the meaning ascribed to it in section 6.1 of the Explanatory Memorandum.

Tranche 1 ZPOs has the meaning ascribed to it in section 7.1 of the Explanatory Memorandum.

Tranche 2 ZPOs has the meaning ascribed to it in section 7.1 of the Explanatory Memorandum.

Tranche 3 ZPOs has the meaning ascribed to it in section 7.1 of the Explanatory Memorandum.

Tranche 4 ZPOs has the meaning ascribed to it in section 7.1 of the Explanatory Memorandum.

Voting Form means the proxy form accompanying the Notice.

VWAP means volume weighted average price.

ZPOs has the meaning ascribed to it in section 6.2 of the Explanatory Memorandum.

Annexure A – Terms of PFG Warrants the subject of Resolution 5

The key terms of the PFG Warrants to be issued to the 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 13,200,261 Shares may be issued on exercise of all 6 Warrants.</p>
Expiry Date	Seven years from the date of satisfaction of all Conditions Precedent; and Warrants may be exercised at any time during this period.
Treatment of warrants upon acquisition	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.
Exchange of warrants for shares or cash	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).
ASX Listing Rule 7.1	The Warrants have been issued under the Company's 15% placement capacity under ASX Listing Rule 7.1.
Transfer	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.
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>
Put Option	<p>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.</p>

Annexure B – Summary of EIP Rules

Types of securities

The EIP provides flexibility for the Company to grant options or performance rights (each an '**Award**') or tax-exempt Shares to eligible participants.

- (a) An Award is an entitlement to receive a Share upon satisfaction of the applicable vesting and exercise conditions, the exercise of the Award and the payment of an exercise price (if applicable).
- (b) A tax-exempt Share is a Share granted under the EIP on specific terms that may allow the holder to acquire the Share on a tax-exempt basis in Australia.

Eligible Person

Awards and/or tax-exempt Shares may be granted under the EIP to eligible participants from time to time in the absolute discretion of the Board.

Eligible Participant means

- (a) a full-time, part-time or casual employee (including an executive director) of any Group Company;
 - (b) a non-executive director of any Group Company;
 - (c) a contractor or consultant of any Group Company; or
 - (d) any other person,
- who has been determined or selected by the Board from time to time.

The holder may, subject to the terms of the EIP Rules, submit an application to nominate a holder of the Options (**Nominated Affiliate**). The Nominated Affiliate can be another person or entity.

Issue price

No payment is required for the grant of Awards and/or tax-exempt Shares unless the Board determines otherwise.

Terms and conditions

The Board has the absolute discretion to determine the terms and conditions (including in relation to vesting, exercise forfeiture, disposal and pricing) on which it will make offers under the EIP and it may set different terms and conditions for different participants in the EIP.

Voting and dividend rights

Awards will not carry any voting or dividends rights. Tax-exempt Shares will be Shares in the Company and will carry the same voting and dividend rights as other Shares.

Nature of Awards

Each Award constitutes a right to receive one (1) Share in the capital of the Company, subject to the terms and conditions of the EIP Rules.

Quotation

Awards will not be quoted on the ASX or any other recognised exchange however any resulting Shares issued to a participant under the EIP will be quoted on the ASX at, or promptly after, the date the holder receives those Shares in accordance with the ASX Listing Rules.

Vesting Conditions

The Options are subject to vesting conditions. If the vesting conditions are satisfied and/or otherwise waived by the Board then, in accordance with the EIP Rules, a vesting notice will be sent to the holder by the Company. Unless and until the vesting notice is issued by the Company, the Options will not be considered to have vested.

Exercise of Awards

Following the date of the issue of a confirmation notice in respect of an Award, the holder may exercise that Award by:

- (a) delivering an exercise notice to (or as directed by) the Company; and
- (b) paying the exercise price (if any) to (or as directed by) the Company, at any time that:
 - (i) is between the date of the issue (or deemed issue) of the confirmation notice and the relevant expiry date; and
 - (ii) the holder is permitted to exercise the Award under the Company's Securities Trading Policy.
- (c) If an Award is not exercised by its expiry date, that Award will automatically lapse and be forfeited.

Subject to applicable laws, Shares to be delivered to participants upon the exercise of vested Awards or upon the grant of tax-exempt Shares may be issued by the Company, acquired on or off market and transferred, and/or allocated within an employee share trust.

Settlement Mechanism

Upon exercise of an Award, the Board will determine whether the Award will be Equity Settled and/or Cash Settled (as defined in the EIP Rules).

If an Award is to be Equity Settled, the Company will arrange for the holder to receive the requisite number of Shares. The Company may do this by issuing, allocating and/or causing to be transferred to the holder the number of Shares to which the holder is entitled.

If an Award is to be Cash Settled, the holder will receive a cash payment equal to the VWAP on the ASX for the 5 trading days prior to the day on which the Award is validly exercised, or as otherwise determined by the Board (acting reasonably). An amount may be deducted by the Company from the cash payment on account of any applicable tax the Company is required to withhold or any superannuation amount the Company is required to pay in connection with the payment of the cash amount.

Lapse/forfeiture of Awards

The EIP contains provisions concerning the treatment of Awards and any Shares issued, allocated or transferred following the exercise of Awards, including without limitation in the event that:

- (a) a participant ceases employment or engagement with the Company or a subsidiary;
- (b) the vesting conditions or exercise conditions attaching to the relevant Awards are not satisfied or the Board forms the view they cannot be satisfied;
- (c) a participant acts fraudulently, dishonestly or wilfully breaches the obligations that they owe to the Company and its subsidiaries;
- (d) a participant becomes insolvent;
- (e) a participant materially breaches (without remedy) the obligations it owes the Company in respect of the EIP;
- (f) a participant's nominated affiliate has undergone a change of control without the prior written consent of the Board; and
- (g) the Awards are not exercised before the applicable expiry date.

Notwithstanding any other provision of the EIP, in the absence of shareholder approval, the Company is not required to provide, or procure the provision, of any benefit under the EIP which is not permitted by Part 2D.2 Division 2 of the Corporations Act. Where applicable, the Company may seek or not seek shareholder approval in its discretion.

Disposal restrictions

The Awards may not be disposed of, or otherwise dealt with including the granting of a Security Interest over the Resulting Shares, unless the disposal is approved by the Board in its absolute discretion or is effected by force of law on death or legal incapacity to the holder's personal representative.

Except as set out in the Company's Securities Trading Policy and applicable laws, no specific disposal restrictions apply to any resulting Shares that the holder receives as a result of the exercise of the Award.

Leaver Provisions

Where a Participant becomes a Good Leaver, unless the EIP invitation provides otherwise, they will retain all of their vested Awards and all of their unvested Awards will be forfeited on a date determined by the Board, unless the Board provides express written consent that the Participant may retain any or all of their unvested Award. Any unvested Awards that are retained, will be subject to the terms and conditions of the Award prior to becoming a Good Leaver, or such other terms and conditions as the Board sees fit.

Where a Participant becomes a Bad Leaver, all of their vested and unvested Awards will be forfeited on a date determined by the Board, unless the Board provides express written consent that the Participant may retain any or all of their vested and/or unvested Awards. The Awards will be subject to the terms and conditions that the Participant held those Awards prior to becoming a Bad Leaver, or such other terms and conditions as the Board sees fit.

Subject to the Corporations Act and any other applicable laws, regulations and the ASX Listing Rules, the Board may determine that some or all of the Awards retained by a Participant are deemed to have vested.

Change of Control Event

Notwithstanding the terms of the EIP Rules, if the Board resolves for the purpose of the EIP that a change of control event will occur, or a change of control event has actually occurred, the Board will waive the vesting conditions applicable to the unvested Awards and a vesting notice will be sent to the holder by the Company unless it determines otherwise that an alternative treatment will apply to those unvested Awards.

Employee share trust

The Company may operate an employee share trust in conjunction with the EIP. Participants that have Shares held in an employee share trust on an allocated basis are entitled to dividends paid on those Shares and to instruct the trustee how to exercise votes attaching to those Shares.



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Voting Form

If you are attending the virtual Meeting please retain this Proxy Voting Form for online Securityholder registration.

Your vote or proxy voting instruction must be received by **10.00am (AEDT) on Monday, 23 October 2023**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR VOTE OR APPOINT A PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – HOW YOU WISH TO VOTE - SELECT ONE OPTION ONLY

Direct Vote - If you mark the box to select a direct vote you should indicate your direct voting instruction in step 2 by marking either FOR, AGAINST or ABSTAIN for each item. If you do not mark a voting instruction for any or all resolutions your vote will be invalid.

Appoint a proxy - If you wish to appoint a proxy to attend the Meeting and vote on your behalf DO NOT tick the box for a direct vote. If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Voting Forms together. If you require an additional Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Voting Form:

Online

Use your computer or smartphone to vote online or appoint a proxy at

<https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



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