

ASX Announcement | 31 January 2024
DomaCom Limited (ASX: DCL)

\$2m of planned capital raise completed; refinancing of convertible notes achieved; due diligence on potential capital transaction to be carried out; potential strategic partnership with Super Fierce being explored

Highlights

- Tranche 1 of planned capital raise of \$2m completed
- Refinancing of \$2.4m of secured convertible notes being addressed
- DomaCom entered an agreement to undertake due diligence on potential capital transaction with strategically aligned fractional property investing provider
- DomaCom enters into a non-binding Memorandum of Understanding to establish a strategic partnership with superannuation advice technology platform Super Fierce.

DomaCom Limited (ASX:DCL) (**'DomaCom'** or **'Company'**), is pleased to announce its Appendix 4C cash flow report for the quarter ended 31 December 2023 (Q2 FY24), along with the following financial and operational update.

Convertible note capital raising undertaken

Early in the December 2023 quarter, DomaCom announced plans to undertake a 2-tranche capital raising of up to \$6 million through the issuance of convertible notes to wholesale investors (see ASX announcement dated 10 October 2023). The convertible notes in the raising have a face value of \$1.00 per note, a 5-year maturity date, pay an annual interest rate of 12% and have a conversion price of \$0.08.

The initial Tranche 1 component of this raising has already been completed. It saw 2,081,000 Convertible Notes issued without drawing on its accompanying underwriting facility. Within this total, DomaCom accepted oversubscriptions of 81,000 Convertible Notes (see ASX announcement dated 17 November 2023).

Although Tranche 2 remains open to investors, a separate opportunity arose in January 2024 to obtain additional funding as detailed below.

Agreement to undertake due diligence on potential capital transaction with strategically aligned fractional property investing provider

Subsequent to the 31 December 2023 quarter end, DomaCom entered into an agreement to carry out due diligence on Bricklet Ltd (**Bricklet**), a strategically aligned fractional property investing provider, to assess a potential acquisition by DomaCom.

As set out in the separately released ASX Announcement (31 January 2024), the provider has entered into a secured loan with DomaCom for \$3m with a 2-year maturity and an interest rate of \$12% pa paid quarterly in arrears. The loan has been provided to allow the repayment of the \$2.45m due to the current Secured Noteholders. The receipt loan is conditional on final due diligence that is being undertaken. The loan includes a condition that if, after due diligence has been carried out over a period of up to 6 months, a capital transaction does not go ahead, then the loan is repayable within 3 months of the completion of the due diligence. Any potential acquisition would be subject to the requirements of ASX Listing Rules.

As set out in the separately released ASX Announcement (31 January 2024) the provider has also agreed to subscribe \$1m through a Private Placement of 71,428,570 Ordinary Shares at a price of \$0.14 using the available capacity under ASX Listing Rule 7.1 and 7.1A with a proposed issue date of 13 February 2024.

Management Fees rise, but growth in Campaign Management Fees pauses

DomaCom's Ongoing Management Fee revenue for the three months ended 31 December 2023 was \$337,000, representing a gain of 5% over the \$322,000 reported in the prior quarter, and a 65% increase over the \$204,000 booked in the same quarter last year. Campaign Management Fee revenue was \$13,000 for the three months ended 31 December 2023, a significant reduction from the prior quarter amount of \$311,000. This was driven by a focus on consolidating processes and controls in preparation for future growth.

The DomaCom platform's end-December 2023 quarter Funds Under Management (FUM) figure of around \$222 million was little changed on a quarter-on-quarter basis. Its year-on-year increase remained strong at almost 23%.

A continued focus on cost base discipline

In accordance with ASX Listing Rule 4.7C, the Company provides the following additional commentary relating to the financial results included in the Appendix 4C for the quarter ended 31 December 2023.

During the quarter ended 31 December 2023, the payment of remuneration to executive and non-executive directors and their related parties amounted to \$139,000. Furthermore, a net amount of \$85,000 was paid for reimbursable expenses incurred on behalf of the related party DomaCom Fund.

DomaCom remained vigilant in monitoring its costs throughout the quarter. Operating payments within the "Cash flows from operating activities" of the Appendix 4C were \$1,024,000 for the quarter ended 31 December 2023, compared to \$933,000 for the quarter ended 30 September 2023. A \$55,000 increase in staff costs was due to the timing of payments of previously accrued IT staff costs.

DomaCom explores a strategic partnership with Super Fierce

In early November 2023, DomaCom announced that it had entered into a non-binding Memorandum of Understanding (MoU) to establish a strategic partnership with Super Fierce, Australia's premier superannuation advice technology platform. (see ASX announcement dated 1 November 2023). At that time, DomaCom was of the view that any collaboration coming out of the MoU had the potential to redefine investment opportunities in the residential property sector for superannuation members, offering innovative financial products and a broader spectrum of investment choices.

The abovementioned MoU initially included a due diligence period of 4-6 weeks, with a target date of 15 December 2023 for entering into a binding agreement.

This extensive due diligence exercise has subsequently identified multiple ways both DomaCom and Super Fierce can, to their mutual benefit, leverage their respective commercial advantages. These opportunities extend well beyond initial plans to offer residential property investments to superannuation members via the development of innovative financial products that merge property investments with superannuation.

On the back of this discovery, DomaCom and Super Fierce have agreed to a short extension of the due diligence process to gain a deeper appreciation of how these opportunities can be harnessed to the benefit of both groups (see ASX announcement dated 22 December 2023).

This announcement has been authorised for release to the market by Company Secretary Philip Chard.

End

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About DomaCom

DomaCom Limited (ASX:DCL) is the operator of an innovative managed investments platform for a wide range of assets across wholesale and retail markets. The platform offers investors and financial advisers easy access, reporting and transparency with comparatively lower minimum investments and competitive costs and structures. Investments on the platform can include a range of unique assets from agriculture, energy, securities, commercial and residential property.

As a leader in the Australian financial sector, DomaCom has a reputation for innovative structures and making portfolio diversification a reality for investors.

To learn more, please visit: www.domacom.com.au