



ASX Announcement  
11 March 2024

Damstra Technology  
(ASX: DTC)

## ASIC registration of Damstra Scheme Booklet

- The Independent Expert, Grant Thornton Corporate Finance, has determined that in the absence of a superior proposal, the scheme of arrangement (**Scheme**) for the proposed acquisition by Ideagen Limited (company number 02805019) (**Ideagen**) (via Ideagen (Australia) Cerium BidCo Pty Limited (ACN 675 211 426), an indirectly wholly owned subsidiary of Ideagen) is fair and reasonable and therefore in its opinion, is in the best interests of Damstra shareholders.
- The Damstra Board unanimously recommends that Damstra shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Damstra shareholders.
- The Scheme Meeting is scheduled to be held on Wednesday, 10 April 2024 at 11.00am (Sydney time).

Damstra Holdings Limited (ASX: DTC) (**Damstra**) is pleased to announce that the Australian Securities and Investments Commission (**ASIC**) has registered an explanatory statement which includes information about the Scheme, the Independent Expert's report and the notice convening the Scheme Meeting (together, the **Scheme Booklet**) in relation to the proposed acquisition by Ideagen by way of a scheme of arrangement.

The proposed acquisition was described in Damstra's announcement on 29 January 2024 regarding its entry into a scheme implementation deed with Ideagen dated 25 January 2024 and follows its announcement on 8 March 2024 that the Supreme Court of New South Wales approved the meeting of Damstra shareholders to consider and vote on the Scheme (**Scheme Meeting**) and the dispatch of the Scheme Booklet to Damstra shareholders.

### Scheme Booklet

A full copy of the Scheme Booklet is attached to this announcement including the Independent Expert's report from Grant Thornton. The Scheme Booklet will be sent to all Damstra shareholders on or before 11 March 2024.

Damstra shareholders who have elected to receive communications electronically will receive an email which contains instructions about how to view or download a copy of the Scheme Booklet and how to lodge their proxy form for the Scheme Meeting.

Damstra shareholders who have elected to receive communications in hard copy will be sent a printed copy of the Scheme Booklet together with a hard copy proxy form.

Damstra encourages shareholders to read the Scheme Booklet in its entirety before deciding whether or not to vote in favour of the Scheme at the Scheme Meeting. Damstra also encourages shareholders to note key events and indicative dates as set out in the Scheme Booklet.



## Details of Scheme Meeting

The Scheme Meeting will be held as a virtual meeting, with the details of the meeting as follows:

Location:	Refer to section 3.5(b) of the Scheme Booklet attached to this announcement.
Date:	Wednesday, 10 April 2024
Time:	11.00am (Sydney time)

Damstra shareholders and their authorised proxies, attorneys and corporate representatives may participate in the Scheme Meeting via the online platform. Damstra shareholders will be able to listen to the Scheme Meeting, cast an online vote and ask questions online.

Damstra shareholders will be able to vote and ask questions at the virtual Scheme Meeting. Damstra shareholders are also encouraged to submit questions in advance of the Scheme Meeting to Damstra. Questions must be submitted in writing to Paul Burrows at [p.burrows@damstratechnology.com](mailto:p.burrows@damstratechnology.com) at least 48 hours before the Scheme Meeting.

All Damstra shareholders are encouraged to vote either by attending the Scheme Meeting or by appointing a proxy, attorney or corporate representative to attend the meeting and vote on their behalf. Details on how to vote at the Scheme Meeting are included in the Scheme Booklet.

## Independent expert's report

The Independent Expert, Grant Thornton Corporate Finance, has determined that, in the absence of a superior proposal, the Scheme is fair and reasonable and therefore in its opinion, is in the best interests of Damstra shareholders. The Independent Expert's conclusion should be read in context with the full Independent Expert's Report and the Scheme Booklet.

The Independent Expert has assessed the value of Damstra shares on a 100% controlling interest basis to be in the range of \$0.20 to \$0.28 per Damstra share. The Scheme consideration of \$0.24 per Damstra share is within this range.

The Independent Expert stated the following in its report:

***"Grant Thornton Corporate Finance has concluded that the Scheme is FAIR and REASONABLE and hence in the BEST INTERESTS of the Damstra shareholders in the absence of a superior alternative proposal emerging."***

## Directors' recommendation

The directors of Damstra continue to unanimously recommend that Damstra shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Damstra shareholders.

Subject to those same qualifications, all directors of Damstra, who collectively hold or control approximately 19.7% of the Damstra shares on issue, intend to vote or procure the vote of those shares in favour of the Scheme.

As noted in its announcement on 29 January 2024, the Damstra directors considered the advantages and disadvantages of the proposed Scheme, along with the outlook for Damstra, the board's assessment of Damstra's inherent value and near and medium term growth outlook, the substantial 140% premium to trading prior to announcement of the Scheme and the certainty of cash consideration.





If you have any questions in relation to this Scheme Booklet or the Scheme, you should contact the Damstra Shareholder Information Line on 1300 101 594 (within Australia) and +61 2 8072 1412 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time).

#### Indicative timetable

Expected Date	Event
Monday, 11 March 2024	<b>Despatch of Scheme Booklet</b>
Monday, 8 April 2024 at 11.00am (Sydney time)	<b>Scheme Meeting Proxy Form deadline</b>
Wednesday, 10 April 2024 at 11.00am (Sydney time)	<b>Scheme Meeting</b>
Tuesday, 16 April 2024 at 9.15am (Sydney time)	<b>Second Court Hearing to approve the Scheme</b>
Tuesday, 16 April 2024	<b>Effective Date</b> – Damstra shares will be suspended from trading at the close of trading on ASX on the Effective Date. If the Scheme proceeds, this will be the last day that Damstra shares will trade on ASX.
Friday, 19 April 2024 at 7.00pm (Sydney time)	<b>Scheme Record Date</b> – for determining entitlement to the Scheme consideration.
Friday, 26 April 2024	<b>Scheme Implementation Date</b> – all Scheme shareholders will be sent the Scheme consideration to which they are entitled on this date.

This timetable is indicative only and is subject to the Court approval process and the satisfaction or, where applicable, waiver of the conditions precedent to the implementation of the Scheme. All dates and times, unless otherwise indicated, refer to the date and time in Sydney, Australia. Any changes to the above timetable will be announced to ASX and notified on Damstra’s website at [www.damstratechnology.com](http://www.damstratechnology.com).

If you have any questions in relation to this Scheme Booklet or the Scheme, you should contact the Damstra Shareholder Information Line on 1300 101 594 (within Australia) and +61 2 8072 1412 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time).

Authorised for release to ASX by the Executive Chairman, Johannes Risseuw.

**Ends**

#### Enquiries

##### Investors

Paul Burrows

+61 413 513 377

[p.burrows@damstratechnology.com](mailto:p.burrows@damstratechnology.com)



## About Damstra

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

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

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



D A M S T R A

Damstra Holdings Limited  
ACN 610 571 607

# Scheme Booklet

For a scheme of arrangement in relation to the proposed acquisition by Ideagen BidCo, a Subsidiary of Ideagen Limited (Ideagen), of all Damstra Holdings Limited (Damstra) Shares.



## VOTE IN FAVOUR

**The Damstra Directors unanimously recommend that Damstra shareholders vote in favour of the Scheme Resolution at the Scheme meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Damstra shareholders.**

**The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Damstra shareholders, in the absence of a Superior Proposal.**

**This is an important document and requires your immediate attention.**

You should read this document carefully and in its entirety before deciding whether or not to vote in favour of the Scheme Resolution. If you are in doubt as to what you should do, you should consult your legal, financial, taxation or other professional adviser.

If, after reading this Scheme Booklet, you have any questions about the Scheme or the number of Damstra Shares you hold or how to vote on the Scheme Resolution, please call the Damstra Shareholder Information Line on 1300 101 594 (for callers within Australia) or +61 2 8072 1412 (for callers outside Australia) Monday to Friday between 9.00am and 5.00pm (Sydney time).

If you have recently sold all of your Damstra Shares, please disregard this document.

Financial Adviser

**Jefferies**

Legal Adviser

**GILBERT  
+ TOBIN**

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## Important notices

### General

Damstra Shareholders are encouraged to read this Scheme Booklet in its entirety before making a decision as to how to vote on the Scheme Resolution to be considered at the Scheme Meeting.

### Interpretation

Capitalised terms and certain abbreviations used in this Scheme Booklet have the meanings set out in the Glossary in Section 12 (**Glossary**) of this Scheme Booklet. The documents reproduced in the Attachments to this Scheme Booklet may have their own defined terms, which are sometimes different from those in the Glossary.

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Scheme Booklet. All numbers are rounded unless otherwise indicated.

Unless otherwise specified, all references to \$, A\$, AUD and Australian cents are references to Australian currency.

### Purpose of this Scheme Booklet

The purpose of this Scheme Booklet is to explain the terms of the Scheme and the manner in which the Scheme will be implemented (if approved), to provide certain information required by law and to provide all other information (other than information previously disclosed to Damstra Shareholders) that is known to Damstra which is material to the decision of Damstra Shareholders whether or not to vote in favour of the Scheme Resolution to be considered at the Scheme Meeting.

This Scheme Booklet includes the explanatory statement required to be sent to Damstra Shareholders under Part 5.1 of the Corporations Act in relation to the Scheme.

Damstra Shareholders should read this Scheme Booklet in its entirety before deciding how to vote on the Scheme Resolution to be considered at the Scheme Meeting.

### Responsibility for information in this Scheme Booklet

- (a) Except as described in paragraphs (b) to (d) below, the information in this Scheme Booklet has been prepared by, and is the responsibility of, Damstra. No Ideagen Group Member or any of its directors, officers or advisers assumes any responsibility for the accuracy or completeness of any such Damstra information.
- (b) Ideagen has provided and is responsible for the Ideagen Group Information. No Damstra Group Member or any of its directors, officers or advisers assumes any responsibility for the accuracy or completeness of the Ideagen Group Information.
- (c) RSM Australia has provided and is responsible for the information contained in Section 10 (**Taxation implications for Scheme Shareholders**) and the “What are the taxation implications of the Scheme for Scheme Shareholders?” subsection of Section 5 (**Frequently asked questions**) of this Scheme Booklet. Neither the Damstra Group nor the Ideagen Group assumes any responsibility for the accuracy or completeness of the information contained in Section 10 (**Taxation implications for Scheme Shareholders**) or the “What are the taxation implications of the Scheme for Scheme Shareholders?” subsection of Section 5 (**Frequently asked questions**) of this Scheme Booklet. RSM Australia does not assume any responsibility for the accuracy or completeness of the information contained in this Scheme Booklet other than that contained in Section 10 (**Taxation implications for Scheme Shareholders**) and the

“What are the taxation implications of the Scheme for Scheme Shareholders?” subsection of Section 5 (**Frequently asked questions**).

- (d) The Independent Expert, Grant Thornton, has prepared, and is responsible for the information contained in, the Independent Expert’s Report set out in Attachment A to this Scheme Booklet. The Damstra Group does not assume any responsibility for the accuracy or completeness of the information contained in the Independent Expert’s Report, except in relation to information given by a Damstra Group Member to the Independent Expert. The Ideagen Group does not assume any responsibility for the accuracy or completeness of the information contained in the Independent Expert’s Report. The Independent Expert does not assume any responsibility for the accuracy or completeness of the information contained in this Scheme Booklet, other than that contained in the Independent Expert’s Report.
- (e) Automic has had no involvement in the preparation of any part of this Scheme Booklet, other than being named as the Damstra Share Registry. Automic has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Scheme Booklet.

### **Investment decisions**

The information in this Scheme Booklet does not constitute financial product advice. This Scheme Booklet has been prepared without reference to the investment objectives, financial situation or particular needs of any Damstra Shareholder or any other person. This Scheme Booklet should not be relied on as the sole basis for any investment decision.

The information and recommendations contained in this Scheme Booklet do not constitute, and should not be taken as, financial product advice. Independent legal, financial and taxation advice should be sought before making any investment decision in relation to your Damstra Shares. You should consider, with or without the assistance of a financial adviser, whether the information in this Scheme Booklet is appropriate for you, having regard to your particular investment needs, objectives and financial circumstances. You should consult your legal, financial or other professional adviser before making any investment decision. The Damstra Directors encourage you to seek independent financial and tax advice before making any investment decision and any decision as to whether or not to vote in favour of the Scheme. This Scheme Booklet should be read in its entirety before making a decision on whether or not to vote in favour of the Scheme Resolution to be considered at the Scheme Meeting. In particular, it is important that you consider the potential risks if the Scheme does not proceed, as set out in Section 9 (**Risks**) of this Scheme Booklet, and the views of the Independent Expert set out in the Independent Expert’s Report contained in Attachment A. If you are in doubt as to the course you should follow, you should consult your legal, financial, tax or other professional adviser.

### **ASIC and ASX involvement**

A copy of this Scheme Booklet was provided to ASIC under section 411(2) of the Corporations Act and registered by ASIC under section 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with section 411(2) of the Corporations Act. ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the Second Court Hearing. Neither ASIC nor its officers take any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been lodged with ASX. Neither ASX nor any of its officers take any responsibility for the contents of this Scheme Booklet.

## **Important notice associated with Court order under subsection 411(1) of the Corporations Act**

The fact that, under subsection 411(1) of the Corporations Act, the Court has ordered that the Scheme Meeting be convened and has approved the explanatory statement required to accompany the Notice of Scheme Meeting (being this Scheme Booklet) does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how Damstra Shareholders should vote (Damstra Shareholders must reach their own decision on this matter); or
- has prepared, or is responsible for the contents of, this Scheme Booklet.

An order of the Court under section 411(1) of the Corporations Act is not an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

## **Notices of Scheme Meeting**

The Notice of Scheme Meeting is set out in Attachment D.

## **Notice of Second Court Hearing**

At the Second Court Hearing, the Court will consider whether to approve the Scheme.

Each Damstra Shareholder and, with the Court's permission, any other interested person has the right to appear at the Second Court Hearing.

If you wish to oppose the approval of the Scheme at the Second Court Hearing, you may do so by filing with the Court and serving on Damstra a notice of appearance in the prescribed form together with any affidavit on which you wish to rely at the Second Court Hearing. With leave of the Court, you may also oppose the approval of the Scheme at the Second Court Hearing by appearing at the Second Court Hearing and raising any objections you may have at that hearing. Damstra should be notified in advance of an intention to object. The Second Court Hearing is currently scheduled to be held at the Supreme Court of New South Wales, at 9.15am (Sydney time) on Tuesday, 16 April 2024, though an earlier date for the Second Court Hearing may be sought. Any change to this date will be announced on the ASX company announcements platform.

## **Disclosure regarding forward-looking statements**

Some of the statements appearing in this Scheme Booklet (including in the Independent Expert's Report) may be forward-looking statements. Forward-looking statements or statements of intent in relation to future events in this Scheme Booklet (including in the Independent Expert's Report) should not be taken to be forecasts or predictions that those events will occur. Forward looking statements generally may be identified by the use of forward-looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words. Similarly, statements that describe the objectives, plans, goals, intentions or expectations of Damstra, Ideagen or the Ideagen Group are or may be forward-looking statements. You should be aware that such statements are only opinions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to Damstra, Ideagen or the Ideagen Group and/or the industries in which they operate, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement and deviations are both normal and to be expected. None of Damstra, Ideagen or the Ideagen Group or any of their respective affiliates, officers, directors, employees or advisers or any person named in this Scheme Booklet or involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any events or results expressed or implied



in any forward-looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

The forward-looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Subject to any continuing obligations under the ASX Listing Rules and/or the Corporations Act, Damstra, Ideagen or the Ideagen Group and their respective officers, directors, employees and advisers, disclaim any obligation or undertaking to distribute after the date of this Scheme Booklet any updates or revisions to any forward-looking statements to reflect: (a) any change in expectations in relation to such statements; or (b) any change in events, conditions or circumstances on which any such statement is based.

### **Privacy and personal information**

Damstra and the Damstra Share Registry may collect personal information in the process of implementing the Scheme. The personal information may include the names, addresses, contact details, bank account details for the payment of the scheme consideration and security holdings of Damstra Shareholders and the names of persons appointed by Damstra Shareholders as proxies, attorneys or corporate representatives at the Scheme Meeting. The collection of some of this personal information is required or authorised by the Corporations Act.

The primary purposes of collecting this personal information are to assist Damstra to conduct the Scheme Meeting and implement the Scheme. The personal information of the type described above may be disclosed to the Damstra Share Registry, print and mail service providers, third parties otherwise involved in the conduct of the Scheme Meeting, Damstra Group Companies, Government Agencies, authorised securities brokers, professional advisers, and any other service provider or adviser engaged by Damstra or the Damstra Share Registry in connection with the Scheme, and also where disclosure is otherwise required or permitted by law. Some of these recipients may be located in overseas countries.

If the information outlined above is not collected, Damstra may be hindered in, or prevented from, conducting the Scheme Meeting and implementing the Scheme.

Damstra Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. Such individuals who wish to exercise these rights should contact the Damstra Share Registry by email addressed to the Privacy Officer at [hello@automic.com.au](mailto:hello@automic.com.au) or by mail to the address below:

*Automic  
GPO Box 5193  
Sydney NSW 2001*

Damstra Shareholders who appoint a named person to act as their proxy, attorney or corporate representative should ensure that they inform that person of the matters outlined above.

### **Notice to persons outside Australia**

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet and the Scheme are subject to Australian disclosure requirements, which may be different from the requirements applicable in other jurisdictions. This Scheme Booklet has been prepared in accordance with the laws of Australia and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia.

This Scheme Booklet and the Scheme does not constitute an offer of securities in any place which, or to any person whom, it would not be lawful to make such an offer.

### **Effect of rounding**

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, actual calculations may differ from amounts set out in this Scheme Booklet.

### **Times and dates**

Unless otherwise stated, all times referred to in this Scheme Booklet are times in Sydney, New South Wales, Australia. All dates following the date of the Scheme Meeting are indicative only and are subject to the Court approval process and the satisfaction or, where applicable, waiver of the conditions precedent to the implementation of the Scheme (see Section 6.3 of this Scheme Booklet).

### **Supplementary information**

Damstra Shareholders should contact the Damstra Shareholder Information Line with any questions or requests for further information about this Scheme Booklet or the Scheme. The telephone number is 1300 101 594 (within Australia) and +61 2 8072 1412 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time). Damstra Shareholders should consult their legal, financial or other professional adviser before making any decision regarding the Scheme.

In certain circumstances, Damstra may provide additional disclosure to Damstra Shareholders in relation to the Scheme after the date of this Scheme Booklet. To the extent applicable, Damstra Shareholders should have regard to any such supplemental information in determining how to vote in relation to the Scheme. Refer to Section 11.17 for information about the steps that Damstra will take if any such additional disclosure is required.

### **Date**

This Scheme Booklet is dated 8 March 2024.

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## IBC Chairman's Letter

Dear Damstra Shareholder,

On 25 January 2024, Damstra entered into the Scheme Implementation Deed with Ideagen, under which Ideagen has agreed to acquire all of the Damstra Shares for the Scheme Consideration of \$0.24 in cash per Damstra Share by way of the Scheme.

The entry by Damstra and Ideagen into the Scheme Implementation Deed followed Damstra's announcement to the ASX on 23 November 2023, in which it advised that it had entered into an exclusivity deed with Ideagen following Ideagen submitting a conditional, non-binding and indicative proposal to acquire all of the Damstra Shares (**Indicative Proposal**).

Following receipt of the Indicative Proposal, the Damstra Board formed an independent committee of the Damstra Board (**IBC**), comprising the independent directors Morgan Hurwitz, Simon Yencken, Sara La Mela and myself (as Chair of the IBC), to consider the proposed Scheme. After having engaged with a number of interested parties in relation to a potential control transaction involving Damstra, and having regard to a number of factors, including its assessment of Damstra's inherent value and near and medium-term growth outlook, the IBC determined that the Scheme is in the best interests of Damstra shareholders.

Entities associated with Damstra Directors Christian Damstra and Johannes Risseeuw have each separately granted Ideagen a call option over a total of 15.25% of the issued Damstra shares in aggregate on terms set out in agreements that were disclosed in a substantial holder notice released by Ideagen to the ASX on 30 January 2024.

The Scheme Consideration represents:

- a 140% premium to the closing Damstra Share price of \$0.10 on 24 October 2023, being the last day on which Damstra Shares traded on the ASX before Damstra's announcement of the receipt of the Indicative Proposal (the **Last Undisturbed Trading Date**); and
- a 134% premium to the one-month VWAP of Damstra Shares (up to and including the Last Undisturbed Trading Date) of ~\$0.10 per Damstra Share;
- a 161% premium to the six-month VWAP of Damstra Shares (up to and including the Last Undisturbed Trading Date) of ~\$0.09 per Damstra Share; and
- a 4% premium to the closing Damstra Share price of \$0.23 per Damstra Share on the Last Practicable Trading Date.

In order for the Scheme to proceed, it must be approved at a meeting of Damstra Shareholders at the Scheme Meeting, and then by the Court. Implementation of the Scheme is also subject to Ideagen obtaining FIRB approval in respect of the Scheme (see Section 11.10 for more information) and the satisfaction or, if applicable, waiver of certain other customary Conditions Precedent (including the No Material Adverse Change Condition Precedent) described in Section 6.3.

The purpose of this Scheme Booklet is to provide you with information about the Scheme to assist you in deciding how to vote on the Scheme at the Scheme Meeting.

### Damstra Board's recommendation

The Damstra Directors unanimously recommend that you vote in favour of the Scheme Resolution at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Damstra Shareholders. Subject

to the same qualifications, each Damstra Director who holds Damstra Shares intends to vote, or cause to be voted, all Damstra Shares that he or she holds or Controls in favour of the Scheme Resolution.

The key reasons for the Damstra Directors' recommendation in respect of the Scheme are set out below.

- 1 The Damstra Board unanimously considers the Scheme to be in the best interests of Damstra Shareholders. In reaching this conclusion, the Damstra Board considered the value and certainty of the Scheme relative to the long-term fundamental value of Damstra and alternative options to deliver value to Damstra Shareholders, including continuing to deliver on growth opportunities as a standalone ASX-listed company.
- 2 The Damstra Board unanimously concluded that the Scheme is the most attractive option for Damstra Shareholders as the Scheme Consideration recognises the value and future growth potential of Damstra and provides certainty of value for Scheme Shareholders in the near-term at an attractive premium to recent Damstra Share prices.
- 3 The Damstra Board has undertaken an extensive process to reach this outcome, with the assistance of financial and legal advisers. After having engaged with a number of interested parties in relation to a potential control transaction involving Damstra, and having regard to a number of factors, including its assessment of Damstra's inherent value and near and medium-term growth outlook, the Damstra Board considers the Scheme is in the best interests of Damstra Shareholders.
- 4 The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Damstra Shareholders, in the absence of a Superior Proposal.
- 5 The Scheme Consideration of \$0.24 per Damstra Share represents a significant premium to recent trading prices of Damstra Shares.
- 6 The all-cash Scheme Consideration provides Damstra Shareholders with certainty and immediate value for their Damstra Shares.
- 7 No Superior Proposal has emerged as at the date of this Scheme Booklet and, as at the date of this Scheme Booklet, the Damstra Directors are not aware of any Superior Proposal that is likely to emerge.
- 8 The Scheme allows Damstra Shareholders to sell their entire holding of Damstra Shares.
- 9 If the Scheme does not proceed, and no comparable proposal to the Scheme or Superior Proposal emerges, the Damstra Share price may fall to a price that is below the Scheme Consideration (including, potentially, to a price that is equal or close to the Damstra Share price on the Last Undisturbed Trading Date), at least in the near-term.
- 10 If the Scheme does not proceed, and no alternative or competing proposal (including a Superior Proposal) is implemented, Damstra Shareholders will continue to be exposed to risks associated with Damstra business, including, but not limited to, economic and industry-specific risks and other macroeconomic risk factors (including interest rate and foreign exchange rate risks), and the other risks outlined in Sections 9.2 and 9.3.
- 11 No brokerage or stamp duty will be payable by you on the transfer of your Damstra Shares to Ideagen under the Scheme.

However, factors which may lead a Damstra Shareholder to vote against the Scheme include:

- 1 They may disagree with the Damstra Directors' unanimous recommendation and the Independent Expert's conclusion and believe that the Scheme is not in their best interests.
- 2 They may prefer to retain their Damstra Shares and have the opportunity to participate in the future financial performance of Damstra as a standalone ASX-listed company.
- 3 They may wish to maintain an investment in a publicly listed company with the specific characteristics of Damstra in terms of industry, operations, profile, size and capital structure.
- 4 The tax consequences of the Scheme may not suit their current financial position.
- 5 They may believe that there is the potential for a Superior Proposal to be made in the foreseeable future (however, as at the date of this Scheme Booklet, no Superior Proposal has emerged and, as at the date of this Scheme Booklet, the Damstra Directors are not aware of any Superior Proposal that is likely to emerge).

Further details on the recommendation given by the Damstra Directors, and the reasons for that recommendation (together with possible reasons to not vote in favour of, and other matters that may be relevant to a Damstra Shareholder's vote on, the Scheme), are set out in Section 4 (**Damstra Directors' recommendation and matters relevant to your vote on the Scheme**) of the Scheme Booklet.

The Relevant Interests of the Damstra Directors in Damstra Shares, and the interests of the Damstra Directors in the Scheme, are disclosed in Section 11 (**Additional information**). Damstra Shareholders should have regard to these interests when considering the Damstra Directors' unanimous recommendation in respect of the Scheme, which appears throughout this Scheme Booklet.<sup>1</sup>

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<sup>1</sup> As at the date of this Scheme Booklet, Mr Johannes Risseuw (Executive Chairman of Damstra) holds or controls 19,417,992 Damstra Shares (representing 7.51% of the Damstra Shares on issue) and Mr Christian Damstra (Chief Executive Officer and Director) holds or controls 20,037,772 Damstra Shares (representing 7.75% of the Damstra Shares on issue). The other Damstra Directors hold or control such number of Damstra Shares as set out in section 11.1 of this Scheme Booklet.

In addition:

- (a) Entities associated with Mr Johannes Risseuw, Executive Chairman of Damstra, will receive a cash payment as consideration in respect of the cancellation or extinguishment (as applicable) of Damstra Options, Damstra Conditional Rights and Damstra Cash Incentives held by those entities, of an amount equal to \$1,144,756. See Section 11.6(b)(i) for further detail.
- (b) Entities associated with Mr Christian Damstra, Chief Executive Officer and Director of Damstra, will receive a cash payment as consideration in respect of the cancellation or extinguishment (as applicable) of Damstra Options, Damstra Conditional Rights and Damstra Cash Incentives held by those entities, of an amount equal to \$1,229,970. See Section 11.6(b)(ii) for further detail.

Further detail on the treatment of Damstra Options, Damstra Conditional Rights and Damstra Cash Incentives under the Scheme is set out in Section 11.3.

The Non-executive Directors consider that, despite these arrangements and interests, it is important and appropriate for each of Mr Risseuw and Mr Damstra to make a recommendation to the Damstra Shareholders in respect of the Scheme, because: (i) of the importance of the Scheme and their roles as Damstra Directors; (ii) of their knowledge of Damstra and the industry in which it operates; and (iii) in their view, the Damstra Shareholders would likely want to know their recommendations in respect of the Scheme. Each of Mr Risseuw and Mr Damstra also consider that despite the arrangements and interests described above, it is appropriate for each of them to make a recommendation to the Damstra Shareholders in respect of the Scheme given the importance of the Scheme and their knowledge of Damstra and the industry in which it operates.

Further, pursuant to a salary sacrifice arrangement described in Section 11.3(a)(ii), each Non-executive Director will have their ZEP Options received in lieu of board and committee fees cancelled for consideration of an amount equal to \$153,515 (Mr Drew Fairchild), \$126,624 (Mr Morgan Hurwitz), \$121,515 (Mr Simon Yencken) and \$116,404 (Ms Sara La Mela). See Section 11.7 for further detail.

## **Independent Expert's Report**

The Damstra Board appointed Grant Thornton as the Independent Expert to assess the merits of the Scheme. The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Damstra Shareholders, in the absence of a Superior Proposal.

The Independent Expert has assessed the value of Damstra Shares (on a 100% controlling interest basis) to be in the range of \$0.20 and \$0.28 per Damstra Share. The Scheme Consideration of \$0.24 per Damstra Share is within this range.

A complete copy of the Independent Expert's Report is included as Attachment A to this Scheme Booklet.

## **How to vote at the Scheme Meeting**

In order for the Scheme to proceed, it must be approved by the Requisite Majorities of Damstra Shareholders at a meeting of Damstra Shareholders at the Scheme Meeting, and then by the Court. Implementation of the Scheme is also subject to the receipt of FIRB approval in respect of the Transaction (see Section 11.10 for more information about the status of the FIRB approval Condition Precedent) and the satisfaction or, if applicable, waiver of certain other Conditions Precedent, which are described in Section 6.3.

### **Your vote is important in determining whether or not the Scheme proceeds, and I encourage you to vote on the Scheme Resolution at the Scheme Meeting.**

The Scheme Meeting is scheduled to be held virtually at 11.00am (Sydney time) on Wednesday, 10 April 2024. Damstra Shareholders can attend, participate in and vote at the Scheme Meeting through the Online Scheme Meeting Platform. You can also vote on the Scheme by appointing a proxy, attorney or, if you are a body corporate, a duly appointed corporate representative to attend and vote on your behalf. If you do not wish to, or are unable to, attend the Scheme Meeting, I encourage you to vote by appointing a proxy by completing the Scheme Meeting Proxy Form and lodging it in one of the ways described in Section 3 (How to vote on the Scheme Resolution) by 11.00am (Sydney time) on Monday, 8 April 2024. Even if you plan to attend the Scheme Meeting, you are encouraged to submit a directed proxy in advance of the Scheme Meeting so that your vote on the Scheme Resolution can still be counted if you encounter any issues in attending the Scheme Meeting. The Scheme will only become Effective and be implemented if it is approved by the Requisite Majorities of Damstra Shareholders at the Scheme Meeting. If you wish for the Scheme to proceed, it is important that you vote in favour of the Scheme at the Scheme Meeting.

## **Further Information**

The Scheme Booklet sets out important information regarding the Scheme, including the reasons for the Damstra Directors' recommendation in respect of the Scheme, the Independent Expert's Report and the Notice of Scheme Meeting. It also sets out reasons why you may wish to vote against the Scheme.

Please read this Scheme Booklet carefully and in its entirety as it will assist you in making an informed decision on how to vote on the Scheme Resolution. I also encourage you to seek independent financial, legal and taxation advice before making any investment decision in relation to your Damstra Shares.

If you require any further information, please call the Damstra Shareholder Information Line on 1300 101 594 (within Australia) and +61 2 8072 1412 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time).

On behalf of the Damstra Board, I would like to take this opportunity to thank you for your ongoing support. I look forward to your participation in the Scheme Meeting.

Yours sincerely,

A handwritten signature in blue ink, consisting of a large, stylized 'A' followed by a horizontal stroke and a small loop.

**Chair of the Independent Board Committee**

**Damstra Holdings Limited**



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## Key dates relating to the Scheme

Key event	Date
<b>Key dates relating to the Scheme Meeting</b>	
<b>Scheme Meeting Proxy Form deadline</b> Last time and date by which the Scheme Meeting Proxy Form (including Scheme Meeting Proxy Forms lodged online), powers of attorney and certificates of appointment of body corporate representatives for the Scheme Meeting must be received by the Damstra Share Registry	11.00am (Sydney time) on Monday, 8 April 2024
<b>Scheme Meeting Record Date</b> Time and date for determining eligibility to vote at the Scheme Meeting	7.00pm (Sydney time) on Monday, 8 April 2024
<b>Scheme Meeting</b> The Scheme Meeting will be held virtually. Damstra Shareholders or duly appointed proxies, attorneys or corporate representatives of Damstra Shareholders can attend, participate and vote at the Scheme Meeting through the Online Scheme Meeting Platform.  Full details of how to vote at the Scheme Meeting (including through the Online Scheme Meeting Platform) are set out in Section 3 ( <b>How to vote on the Scheme Resolution</b> ).	11.00am (Sydney time) on Wednesday, 10 April 2024
<b>Key dates for implementation of the Scheme (if Damstra Shareholders approve the Scheme by the Requisite Majorities at the Scheme Meeting)</b>	
<b>Second Court Hearing</b> To approve the Scheme	9.15am (Sydney time) on Tuesday, 16 April 2024
<b>Effective Date</b> This is the date on which the Court order approving the Scheme is lodged with ASIC and the Scheme becomes Effective and binding on Damstra Shareholders.  Damstra Shares will be suspended from trading at the close of trading on the ASX on the Effective Date. If the Scheme proceeds, this will be the last day that Damstra Shares will trade on the ASX	Tuesday, 16 April 2024
<b>Scheme Record Date</b> Time and date for determining entitlements to the Scheme Consideration	7.00pm (Sydney time) on Friday, 19 April 2024

Key event	Date
<b>Scheme Implementation Date</b> Scheme Shareholders will be sent the Scheme Consideration to which they are entitled on the Scheme Implementation Date	Friday, 26 April 2024

All dates and times after the date of the Scheme Meeting are indicative only and are subject to the Court approval process and the satisfaction or, where applicable, waiver of the Conditions Precedent to the implementation of the Scheme (see Section 6.3 for more information). All dates and times, unless otherwise indicated, refer to the date and time in Sydney, Australia. Any changes to the above timetable will be announced to ASX and notified on Damstra's website at [www.damstratechnology.com](http://www.damstratechnology.com).

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# 1 Purpose of this Scheme Booklet

## What is the Scheme?

On 29 January 2024, Damstra announced that it had entered into the Scheme Implementation Deed with Ideagen and that the Damstra Directors unanimously recommended that Damstra Shareholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Scheme is in the best interests of Damstra Shareholders. Under the Scheme, Ideagen BidCo (being an indirectly wholly owned Subsidiary of Ideagen) will acquire all of the Damstra Shares for \$0.24 cash per Damstra Share. Each Damstra Director continues to recommend that Damstra Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Damstra Shareholders.

The Relevant Interests of the Damstra Directors in Damstra Shares and the interests of the Damstra Directors in the Scheme, are disclosed in Section 11 (**Additional information**). Damstra Shareholders should have regard to these interests when considering the Damstra Directors' unanimous recommendation in respect of the Scheme, which appears throughout this Scheme Booklet.<sup>2</sup>

The Scheme is a scheme of arrangement between Damstra and the Scheme Shareholders for the transfer of all of the Scheme Shares to Ideagen BidCo. If the Scheme is implemented:

- Ideagen BidCo will acquire all of the Damstra Shares; and
- each Scheme Shareholder will be entitled to receive the Scheme Consideration from Ideagen, being \$0.24 for each Damstra Share held by that Scheme Shareholder as at the Scheme Record Date.

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<sup>2</sup> As at the date of this Scheme Booklet, Mr Johannes Risseuw (Executive Chairman of Damstra) holds or controls 19,417,992 Damstra Shares (representing 7.51% of the Damstra Shares on issue) and Mr Christian Damstra (Chief Executive Officer and Director) holds or controls 20,037,772 Damstra Shares (representing 7.75% of the Damstra Shares on issue). The other Damstra Directors hold or control such number of Damstra Shares as set out in section 11.1 of this Scheme Booklet.

In addition:

- (a) Entities associated with Mr Johannes Risseuw, Executive Chairman of Damstra, will receive a cash payment as consideration in respect of the cancellation or extinguishment (as applicable) of Damstra Options, Damstra Conditional Rights and Damstra Cash Incentives held by those entities, of an amount equal to \$1,144,756. See Section 11.6(b)(i) for further detail.
- (b) Entities associated with Mr Christian Damstra, Chief Executive Officer and Director of Damstra, will receive a cash payment as consideration in respect of the cancellation or extinguishment (as applicable) of Damstra Options, Damstra Conditional Rights and Damstra Cash Incentives held by those entities, of an amount equal to \$1,229,970. See Section 11.6(b)(ii) for further detail.

Further detail on the treatment of Damstra Options, Damstra Conditional Rights and Damstra Cash Incentives under the Scheme is set out in Section 11.3.

The Non-executive Directors consider that, despite these arrangements and interests, it is important and appropriate for each of Mr Risseuw and Mr Damstra to make a recommendation to the Damstra Shareholders in respect of the Scheme, because: (i) of the importance of the Scheme and their roles as Damstra Directors; (ii) of their knowledge of Damstra and the industry in which it operates; and (iii) in their view, the Damstra Shareholders would likely want to know their recommendations in respect of the Scheme. Each of Mr Risseuw and Mr Damstra also consider that despite the arrangements and interests described above, it is appropriate for each of them to make a recommendation to the Damstra Shareholders in respect of the Scheme given the importance of the Scheme and their knowledge of Damstra and the industry in which it operates.

Further, pursuant to a salary sacrifice arrangement described in Section 11.3(a)(ii), each Non-executive Director will have their ZEP Options received in lieu of board and committee fees cancelled for consideration of an amount equal to \$153,515 (Mr Drew Fairchild), \$126,624 (Mr Morgan Hurwitz), \$121,515 (Mr Simon Yencken) and \$116,404 (Ms Sara La Mela). See Section 11.7 for further detail.








## What is the purpose of this Scheme Booklet?



The purpose of this Scheme Booklet is to explain the terms of the proposed Scheme and provide you with information on the Scheme to assist you in your decision whether or not to vote in favour of the Scheme.

Voting on the Scheme will take place at the Scheme Meeting to be held at 11.00am (Sydney time) on Wednesday, 10 April 2024. The Scheme Meeting will be held virtually. This means that Damstra Shareholders or duly appointed proxies, attorneys or corporate representatives of Damstra Shareholders will be able to attend the Scheme Meeting through the Online Scheme Meeting Platform. Damstra Shareholders (and duly appointed proxies, attorneys or corporate representatives of Damstra Shareholders) who participate in the Scheme Meeting will be able to listen to the Scheme Meeting and cast a vote and ask questions online through the Online Scheme Meeting Platform.

You should read this Scheme Booklet in full before deciding how to vote. The Scheme has a number of advantages, disadvantages and risks which may affect Damstra Shareholders in different ways depending on their individual circumstances. Damstra Shareholders should seek professional advice on their particular circumstances, as appropriate.






## Reasons to vote in favour of the Scheme

	<b>The Damstra Board unanimously recommends that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Damstra Shareholders</b>
	<b>The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Damstra Shareholders, in the absence of a Superior Proposal</b>
	<b>The Scheme Consideration of \$0.24 per Damstra Share represents a significant premium to recent trading prices of Damstra Shares</b>
	<b>The all-cash Scheme Consideration provides Damstra Shareholders with certainty and immediate value for their Damstra Shares</b>
	<b>No Superior Proposal has emerged as at the date of this Scheme Booklet and, as at the date of this Scheme Booklet, the Damstra Directors are not aware of any Superior Proposal that is likely to emerge</b>
	<b>The Scheme allows Damstra Shareholders to sell all of their Damstra Shares</b>
	<b>If the Scheme does not proceed, and no comparable proposal to the Scheme or Superior Proposal emerges, the Damstra Share price may fall to a price that is below the Scheme Consideration (including, potentially, to a price that is equal or close to the Damstra Share price on the Last Undisturbed Trading Date), at least in the near-term</b>

	<b>If the Scheme does not proceed, and no alternative or competing proposal (including a Superior Proposal) is implemented, Damstra Shareholders will continue to be exposed to risks associated with Damstra's business, including those outlined in Sections 9.2 and 9.3</b>
	<b>No brokerage or stamp duty will be payable by you on the transfer of your Damstra Shares to Ideagen under the Scheme</b>

For more information about the reasons to vote in favour of the Scheme, please see Section 4.2 of this Scheme Booklet, which Damstra Shareholders should read carefully and in its entirety.

#### **Reasons not to vote in favour of the Scheme**

	<b>You may disagree with the Damstra Directors' unanimous recommendation and the Independent Expert's conclusion and believe that the Scheme is not in your best interests</b>
	<b>You may prefer to retain your Damstra Shares and have the opportunity to participate in the future financial performance of Damstra as a standalone, ASX-listed company</b>
	<b>You may wish to maintain an investment in a publicly listed company with the specific characteristics of Damstra in terms of industry, operations, profile, size and capital structure</b>
	<b>The tax consequences of the Scheme may not suit your current financial position</b>
	<b>You may believe that there is the potential for a Superior Proposal to be made in the foreseeable future (however, as at the date of this Scheme Booklet, no Superior Proposal has emerged)</b>

For more information about the reasons to vote against the Scheme, please see Section 4.3 of this Scheme Booklet, which Damstra Shareholders should read carefully and in its entirety.

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## 2 Next steps and key actions for Damstra Shareholders

### 2.1 Carefully read this Scheme Booklet

This Scheme Booklet is an important document and you should read it carefully and in its entirety (including the advantages, disadvantages and risks of the Scheme described in Section 4 (**Damstra Directors' recommendation and matters relevant to your vote on the Scheme**) and the Notice of Scheme Meeting at Attachment D) before making a decision on how to vote at the Scheme Meeting.

### 2.2 Vote on the Scheme

If you are a Damstra Shareholder, you are entitled to vote on whether the Scheme should proceed at the Scheme Meeting.

Please refer to Section 3 (**How to vote on the Scheme Resolution**) of this Scheme Booklet and the Notice of Scheme Meeting at Attachment D for details on how to vote at the Scheme Meeting.

### 2.3 Seek further information

If you have any questions in relation to the Scheme, the number of Damstra Shares you hold, or how to vote on the Scheme, please call the Damstra Shareholder Information Line on 1300 101 594 (within Australia) and +61 2 8072 1412 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time).

Please note that the Damstra Share Registry cannot provide any financial, taxation or investment advice and cannot give an opinion on the merits of the Scheme. If you have any questions about your individual financial or taxation circumstances, please contact your financial, legal, taxation or other professional advisers.

### 2.4 Why you should vote on the Scheme

As a Damstra Shareholder, you have a say in whether Ideagen BidCo will acquire all of the Damstra Shares. This is your opportunity to play a role in deciding the future of Damstra.

### 2.5 Preparing to receive the Scheme Consideration

Damstra has the capacity to store a nominated bank account in the share register. If the Scheme is approved and proceeds to implementation Ideagen will acquire all of the Damstra Shares. Make arrangements to update your payment instructions and if you have one, your email address, so you are promptly paid and are informed of the results of the Scheme's implementation.

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## 3 How to vote on the Scheme Resolution

### 3.1 Who is entitled to vote at the Scheme Meeting?

If you are registered on the Damstra Share Register as a Damstra Shareholder at 7.00pm (Sydney time) on Monday, 8 April 2024 (being the Scheme Meeting Record Date), then you will be entitled to vote on the Scheme Resolution at the Scheme Meeting.

Registrable transmission applications or transfers registered after this time will be disregarded for the purpose of determining entitlements to vote at the Scheme Meeting. Voting is not compulsory.

### 3.2 Jointly held Damstra Shares

If voting during the Scheme Meeting, joint holders will be registered with only one voting card. If attending individually, the first holder to register to vote will receive the voting card.

If voting by proxy:

- the proxy form must be signed by all shareholders; and
- the most recent proxy will supersede all previously lodged proxies.

### 3.3 Location and details of Scheme Meeting

The Scheme Meeting will be held as a virtual meeting at 11.00am (Sydney time) on Wednesday, 10 April 2024.

Damstra Shareholders and duly appointed proxies, attorneys and corporate representatives of Damstra Shareholders can attend, participate and vote at the Scheme Meeting through the Online Scheme Meeting Platform (details of which are set out below). Damstra Shareholders (and duly appointed proxies, attorneys or corporate representatives of Damstra Shareholders) who participate in the Scheme Meeting will be able to listen to the Scheme Meeting and cast a vote and ask questions online through the Online Scheme Meeting Platform.

### 3.4 Notice of Scheme Meeting

A copy of the Notice of Scheme Meeting is set out in Attachment D to this Scheme Booklet.

Section 6.4(c) provides details of the Scheme Resolution and the Requisite Majorities that are required for the Scheme Resolution to be passed.

### 3.5 Voting at the Scheme Meeting

#### (a) Voting Virtually and Webcast

Damstra is pleased to provide Damstra Shareholders with the opportunity to attend and participate in a virtual Scheme Meeting through an online meeting platform powered by Automatic, where shareholders will be able to watch, listen and vote online (**Online Scheme Meeting Platform**).

Damstra Shareholders will be able to vote and ask questions at the virtual Scheme Meeting. Damstra Shareholders are also encouraged to submit questions in advance of the Scheme Meeting to Damstra. Questions must be submitted in writing to Paul Burrows at [p.burrows@damstratechnology.com](mailto:p.burrows@damstratechnology.com) at least 48 hours before the Scheme Meeting.

Damstra will also provide Damstra Shareholders the opportunity to ask questions during the Scheme Meeting in respect to the formal item of business as well as general questions in respect to Damstra and its business at the conclusion of the Scheme Meeting.

To attend the Scheme 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.

**(b) Attending the Scheme Meeting virtually**

To access the virtual Scheme Meeting:

- 1 Open your internet browser and go to [investor.automic.com.au](https://investor.automic.com.au).
- 2 Login with your username and password or click “register” if you haven’t already created an account. **Damstra 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 Scheme 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.**

You can view the meeting live, ask questions verbally or via a live text facility and cast votes at the appropriate times while the meeting is in progress.

**(c) How do I create an account with Automic?**

To create an account with Automic, please go to the Automic website (<https://investor.automic.com.au/#/home>), click on “register” and follow the steps. Damstra Shareholders will require their holder number (SRN or HRN) 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](http://www.automic.com.au). It is recommended that you register to use the Scheme Meeting website well in advance of the Scheme Meeting to save time on the day of the Scheme Meeting. Should you have any difficulties, you can contact the Damstra Share Registry by telephone on 1300 288 664 (within Australia) and +61 2 9698 5414 (outside Australia).

Damstra strongly recommends Damstra Shareholders to lodge a directed proxy as soon as possible in advance of the Scheme Meeting even if they are planning to attend the Scheme Meeting online.

In addition, Damstra is happy to accept and answer questions submitted at least 2 business days prior to the meeting by email directed to Paul Burrows at [p.burrows@damstratechnology.com](mailto:p.burrows@damstratechnology.com).

Please note that if you have previously submitted a Proxy Form, your online attendance at the Scheme Meeting will revoke your proxy’s authority to vote, unless you inform Damstra otherwise prior



to commencement of the Scheme Meeting, in which case, your authority to vote at the Scheme Meeting is suspended while your proxy is present.

### 3.6 Voting by proxy

A Damstra Shareholder entitled to participate in and vote at the Scheme Meeting may appoint a person to participate in and vote at the Scheme Meeting as their proxy. If you are unable to attend the Scheme Meeting, you are encouraged to appoint a proxy to attend the Scheme Meeting and vote on your behalf.

You can direct your proxy to vote by following the instructions on the Scheme Meeting Proxy Form. You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote 'for' or 'against', or 'abstain' from voting on, the Scheme Resolution, or whether to leave the decision to the proxy after he or she has considered the matters discussed at the Scheme Meeting.

If you do not direct your proxy how to vote on the Scheme Resolution, the proxy may vote, or abstain from voting, as he or she thinks fit. If you instruct your proxy to abstain from voting on an item of business, he or she is directed not to vote on your behalf, and the Damstra Shares the subject of the proxy appointment will not be counted in computing the Requisite Majorities.

If the Chairman of the Scheme Meeting is appointed as your proxy (or is appointed as your proxy by default), he can be directed how to vote by ticking the relevant boxes next to the Scheme Resolution on the Scheme Meeting Proxy Form (i.e., 'for', 'against' or 'abstain'). The Chairman of the Scheme Meeting is required to cast all votes as directed. The Chairman of the Scheme Meeting intends to vote all undirected and other available proxies in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Damstra Shareholders.

Any directed proxies that are not voted on a poll at the Scheme Meeting by a Damstra Shareholder's appointed proxy will automatically default to the Chairman of the Scheme Meeting, who is required to vote proxies as directed on a poll.

Completed Scheme Meeting Proxy Forms must be received by Damstra or the Damstra Share Registry by 11.00am (Sydney time) on Monday, 8 April 2024 (or, if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the scheduled resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting). The completed Scheme Meeting Proxy Form may be submitted:

- (a) online to the Damstra Share Registry by:
  - (i) visiting the Damstra Share Registry website, <https://investor.automic.com.au/#/loginsah>. You will need your SRN or HIN, which is located on your Damstra Holding Statement or Scheme Meeting Proxy Form. You will be taken to have signed the Scheme Meeting Proxy Form if you lodge in accordance with the instructions on the website; or
  - (ii) by mobile device: If you have a smart phone, you can lodge your Scheme Meeting Proxy Form online by scanning the QR code on the Scheme Meeting Proxy Form. To scan the QR code, you will need a QR code reader application which can be downloaded for free on your mobile device. Log in using the SRN/HIN and postcode for your shareholding and click on "meetings". You will be taken to have signed the Scheme Meeting Proxy Form if you lodge in accordance with the instructions on the website;
- (b) in respect of hard copy Scheme Meeting Proxy Forms, by mail to Damstra Holdings Limited, c/ Automic, GPO Box 5193, Sydney NSW 2001;
- (c) in respect of hard copy Scheme Meeting Proxy Forms, by fax to the Damstra Share Registry on +61 2 8583 3040; or

- (d) in respect of hard copy Scheme Meeting Proxy Forms, by hand by delivering it to the Damstra Share Registry at Automic, Level 5, 126 Phillip Street, Sydney NSW 2000 during business hours (Monday – Friday, 9.00am – 5.00pm (Sydney time)).

Further information about how you may vote by proxy and lodge a Scheme Meeting Proxy Form is contained in the Notice of Scheme Meeting set out in Attachment D to this Scheme Booklet or on the Scheme Meeting Proxy Form.

### **3.7 Voting by corporate representative**

A body corporate that is a Damstra Shareholder, or that has been appointed as a proxy, must appoint an individual to act as its representative at the Scheme Meeting. If you are a body corporate, you can appoint a corporate representative to attend and vote at the Scheme Meeting on your behalf. The appointment must comply with section 250D of the Corporations Act.

To vote by corporate representative, a corporate representative must provide written evidence of their appointment by obtaining and completing an 'Appointment of Corporate Representative' form from the Damstra Share Registry's website at <https://investor.automic.com.au/#/support/2/sub?faqId=299>. Corporate representative forms must be provided to the Damstra Share Registry by no later than 11.00am (Sydney time) on Monday, 8 April 2024 (being at least 48 hours prior to the Scheme Meeting). A corporate representative form may be submitted in the same manner as a completed Scheme Meeting Proxy Form, as described above, except that an appointment of corporate representative form cannot be lodged online or by mobile device.

If a certificate is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been received by the Damstra Share Registry.

A validly appointed corporate representative wishing to attend and vote at the Scheme Meeting will require the name and the SRN/HIN of the body corporate that appointed it in order to access the Online Scheme Meeting Platform.

### **3.8 Voting by attorney**

You may appoint an attorney to participate in and vote at the meeting on your behalf. Your attorney need not be another Damstra Shareholder. Each attorney will have the right to vote on the poll and also to speak at the Scheme Meeting.

The power of attorney appointing your attorney to participate in and vote at the meeting must be duly executed by you and specify your name, the company (that is, Damstra), and the attorney, and also specify the meeting(s) at which the appointment may be used. The appointment may be a standing one.

Certified copies of powers of attorney must be received by the Damstra Share Registry by no later than 11.00am (Sydney time) on Monday, 8 April 2024 (being at least 48 hours prior to the Scheme Meeting). A certified copy of a power of attorney may be submitted in the same manner as a completed Scheme Meeting Proxy Form, as described above, except that the power of attorney or a certified copy of the power of attorney cannot be lodged online or by mobile device.

A validly appointed attorney wishing to attend and vote at the Scheme Meeting will require the name and the SRN/HIN of the Damstra Shareholder that appointed it in order to access the Online Scheme Meeting Platform.

### **3.9 Questions about voting at the Scheme Meeting**

Damstra Shareholders should contact the Damstra Shareholder Information Line on 1300 101 594 (within Australia) and +61 2 8072 1412 (outside Australia), Monday to Friday, between 9.00am and 5.00pm (Sydney time) with any queries regarding the number of Damstra Shares held, how to vote at the Scheme Meeting, or how to vote by proxy.

### **3.10 Changes to the current arrangement**

Damstra may be required to make changes to the arrangements for the Scheme Meeting. If there are any updates, Damstra will ensure that Damstra Shareholders are given as much notice as possible. Further information will also be made available at [www.damstratechnology.com](http://www.damstratechnology.com).

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## 4 Damstra Directors' recommendation and matters relevant to your vote on the Scheme

### 4.1 Damstra Directors' recommendation and voting intentions in respect of the Scheme

The Damstra Directors unanimously recommend that Damstra Shareholders vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Damstra Shareholders.

Subject to the same qualifications, each Damstra Director who holds Damstra Shares intends to vote, or cause to be voted, all the Damstra Shares that he or she holds or Controls in favour of the Scheme at the Scheme Meeting.

The Relevant Interests of the Damstra Directors in Damstra Shares, and the interests of the Damstra Directors (including Christian Damstra, Chief Executive Officer of Damstra) in the Scheme, are disclosed in Section 11 (**Additional information**). Damstra Shareholders should have regard to these interests when considering the Damstra Directors' unanimous recommendation in respect of the Scheme, which appears throughout this Scheme Booklet.<sup>3</sup>

### 4.2 Reasons for the Damstra Directors' recommendation and advantages of the Scheme

The key reasons for the Damstra Directors' recommendation in respect of the Scheme are:

- (a) **The Damstra Board unanimously recommends that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Damstra Shareholders**

In reaching its conclusion that the Scheme is in the best interests of Damstra Shareholders and determining that Damstra should enter into the Scheme Implementation Deed, the Damstra Board has taken into account, amongst other factors:

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<sup>3</sup> As at the date of this Scheme Booklet, Mr Johannes Risseeuw (Executive Chairman of Damstra) holds or controls 19,417,992 Damstra Shares (representing 7.51% of the Damstra Shares on issue) and Mr Christian Damstra (Chief Executive Officer and Director) holds or controls 20,037,772 Damstra Shares (representing 7.75% of the Damstra Shares on issue). The other Damstra Directors hold or control such number of Damstra Shares as set out in section 11.1 of this Scheme Booklet.

In addition:

- (a) Entities associated with Mr Johannes Risseeuw, Executive Chairman of Damstra, will receive a cash payment as consideration in respect of the cancellation or extinguishment (as applicable) of Damstra Options, Damstra Conditional Rights and Damstra Cash Incentives held by those entities, of an amount equal to \$1,144,756. See Section 11.6(b)(i) for further detail.
- (b) Entities associated with Mr Christian Damstra, Chief Executive Officer and Director of Damstra, will receive a cash payment as consideration in respect of the cancellation or extinguishment (as applicable) of Damstra Options, Damstra Conditional Rights and Damstra Cash Incentives held by those entities, of an amount equal to \$1,229,970. See Section 11.6(b)(ii) for further detail.

Further detail on the treatment of Damstra Options, Damstra Conditional Rights and Damstra Cash Incentives under the Scheme is set out in Section 11.3.

The Non-executive Directors consider that, despite these arrangements and interests, it is important and appropriate for each of Mr Risseeuw and Mr Damstra to make a recommendation to the Damstra Shareholders in respect of the Scheme, because: (i) of the importance of the Scheme and their roles as Damstra Directors; (ii) of their knowledge of Damstra and the industry in which it operates; and (iii) in their view, the Damstra Shareholders would likely want to know their recommendations in respect of the Scheme. Each of Mr Risseeuw and Mr Damstra also consider that despite the arrangements and interests described above, it is appropriate for each of them to make a recommendation to the Damstra Shareholders in respect of the Scheme given the importance of the Scheme and their knowledge of Damstra and the industry in which it operates.

Further, pursuant to a salary sacrifice arrangement described in Section 11.3(a)(ii), each Non-executive Director will have their ZEP Options received in lieu of board and committee fees cancelled for consideration of an amount equal to \$153,515 (Mr Drew Fairchild), \$126,624 (Mr Morgan Hurwitz), \$121,515 (Mr Simon Yencken) and \$116,404 (Ms Sara La Mela). See Section 11.7 for further detail.

- (i) the value and certainty of the Scheme relative to the long-term fundamental value of Damstra and alternative options to deliver value to Damstra Shareholders, including continuing to deliver on growth opportunities as a standalone, ASX-listed company;
- (ii) the Damstra Board has undertaken an extensive process to reach this outcome, with the assistance of financial and legal advisers. This included an evaluation of Damstra's strategic plan as an independent company and the various operational and execution risks inherent in achieving this strategic plan;
- (iii) the Damstra Board considers the Scheme Consideration appropriately recognises the value and future growth potential of Damstra, when balanced against the macroeconomic conditions and execution risks in achieving Damstra's future plans; and
- (iv) following the receipt of various approaches in respect of Damstra from interested parties, the Damstra Board has also considered engagement with a number of interested parties in relation to a potential control transaction involving Damstra, and having regard to a number of factors, including its assessment of Damstra's inherent value and near and medium-term growth outlook.

Following consideration of these matters, the Damstra Board unanimously concluded that the Scheme is the most attractive option for Damstra Shareholders as the Scheme Consideration recognises the value and future growth potential of Damstra and provides certainty of value for Scheme Shareholders in the near-term at an attractive premium to recent Damstra Share prices.

Accordingly, the Damstra Directors unanimously recommend that Damstra Shareholders vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Damstra Shareholders. Subject to the same qualifications, each Damstra Director who holds Damstra Shares intends to vote, or cause to be voted, all Damstra Shares that he or she holds or Controls in favour of the Scheme at the Scheme Meeting.

**(b) The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Damstra Shareholders, in the absence of a Superior Proposal**

The Damstra Board appointed the Independent Expert, Grant Thornton, to prepare the Independent Expert's Report, including an opinion as to whether the Scheme is in the best interests of Damstra Shareholders. The Independent Expert concluded in the Independent Expert's Report that the Scheme is fair and reasonable and in the best interests of Damstra Shareholders, in the absence of a Superior Proposal.

The basis for this conclusion is that the Scheme Consideration of \$0.24 per Damstra Share is within the valuation range (as assessed by the Independent Expert) of \$0.20 to \$0.28 per Damstra Share on a 100% controlling interest basis.

A complete copy of the Independent Expert's Report is included in Attachment A to this Scheme Booklet and the Damstra Directors encourage you to read this report in its entirety.

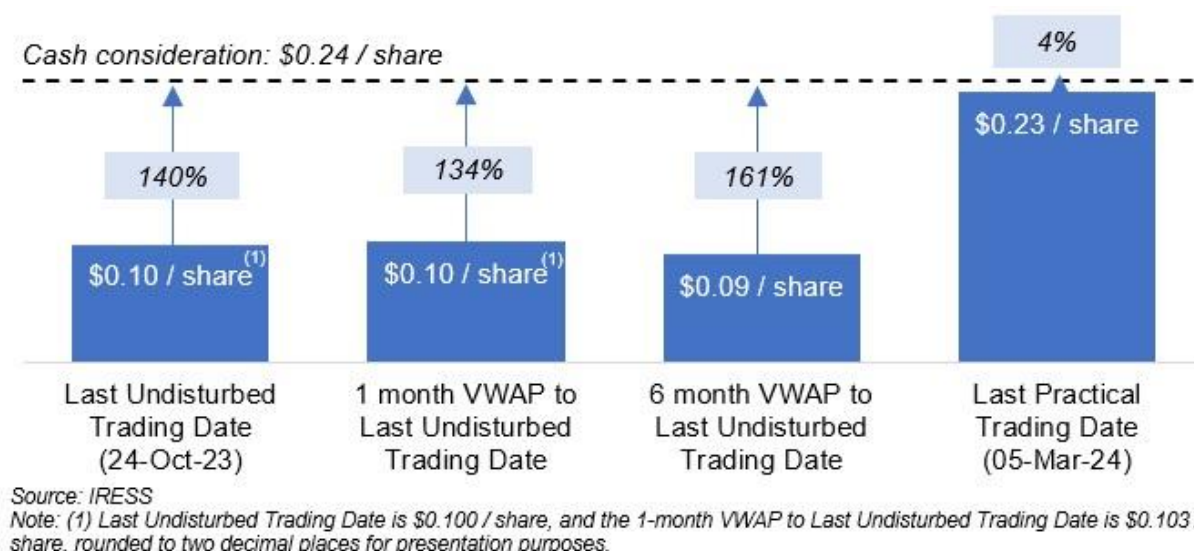
**(c) The Scheme Consideration of \$0.24 per Damstra Share represents a significant premium to recent trading prices of Damstra Shares**

The Scheme Consideration of \$0.24 per Damstra Share represents a significant premium to recent trading prices of Damstra Shares, including:

- (i) a 140% premium to the closing Damstra Share price of \$0.10 on the Last Undisturbed Trading Date;

- (ii) a 134% premium to the one-month VWAP of Damstra Shares (up to (and including) the Last Undisturbed Trading Date) of ~\$0.10 per Damstra Share;
- (iii) a 161% premium to the six-month VWAP of Damstra Shares (up to (and including) the Last Undisturbed Trading Date) of ~\$0.09 per Damstra Share; and
- (iv) a 4% premium to the closing Damstra Share price of \$0.23 per Damstra Share on the Last Practicable Trading Date.

**Figure 1: Premium of Consideration over historical trading prices**



- (d) **The all-cash Scheme Consideration provides Damstra Shareholders with certainty and immediate value for their Damstra Shares**

The Scheme Consideration that Scheme Shareholders will be paid if the Scheme is implemented provides the certainty of 100% cash consideration.

If the Scheme is implemented, Scheme Shareholders will be paid \$0.24 in cash for each Damstra Share held by them at the Scheme Record Date (currently expected to be Friday, 19 April 2024), to be paid on the Scheme Implementation Date, which is currently expected to be Friday, 26 April 2024.

In contrast, if the Scheme does not proceed, the amount that Damstra Shareholders will be able to realise for their investment in Damstra Shares will necessarily be uncertain. If the Scheme becomes Effective, the Scheme removes this uncertainty for Damstra Shareholders. For details of risks relating to remaining a Damstra Shareholder if the Scheme is not implemented, see Section 9 (**Risks**).

- (e) **No Superior Proposal has emerged as at the date of this Scheme Booklet**

Since the announcement of the entry by Damstra and Ideagen into the Scheme Implementation Deed, no Superior Proposal has emerged and, as at the date of this Scheme Booklet, the Damstra Directors are not aware of any Superior Proposal that is likely to emerge.



(f) **The Scheme allows you to sell your entire holding of Damstra Shares**

The Scheme provides you with an opportunity to dispose of all your Damstra Shares in a single transaction for certain cash value of \$0.24 for each Damstra Share held by you at the Scheme Record Date.

(g) **If the Scheme does not proceed, and no comparable proposal to the Scheme or Superior Proposal emerges, the Damstra Share price may fall to a price that is below the Scheme Consideration (including, potentially, to a price that is equal or close to the Damstra Share price on the Last Undisturbed Trading Date), at least in the immediate near-term**

If the Scheme is not implemented, Damstra Shares will continue to remain Officially Quoted on the ASX and the price at which Damstra Shares trade will continue to be subject to market volatility (including general stock market movements, the impact of general economic conditions and the demand for listed securities) and Damstra Shareholders will continue to be exposed to the risks associated with Damstra's business (see Section 9 (**Risks**) below for a summary of these key risks). As such, if the Scheme is not implemented, the price at which Damstra Shares trade may fall to a price that is below the Scheme Consideration of \$0.24 per Damstra Share (including, potentially, to a price that is equal or close to the Damstra Share price on the Last Undisturbed Trading Date), at least in the near-term.

Since market close on Tuesday, 24 October 2023 (being the Last Undisturbed Trading Date), the Damstra Share price has increased 130% to a closing price of \$0.23 on the Last Practicable Trading Date.

(h) **If the Scheme does not proceed, and no alternative or competing proposal (including a Superior Proposal) is implemented, Damstra Shareholders will continue to be exposed to risks associated with Damstra's business**

If the Scheme does not proceed, and no alternative or competing proposal (including a Superior Proposal) is implemented, Damstra Shareholders will continue to be exposed to risks associated with Damstra's business, including, but not limited to, economic and industry-specific risks and other macroeconomic risk factors (including interest rate and foreign exchange rate risks), and the other risks outlined in Sections 9.2 and 9.3.

The Scheme, if implemented, removes these risks for Scheme Shareholders and allows Scheme Shareholders to realise their investment in Damstra.

(i) **No brokerage or stamp duty will be payable by you on the transfer of your Damstra Shares to Ideagen under the Scheme**

You will not incur any brokerage or stamp duty on the transfer of your Damstra Shares to Ideagen under the Scheme.

#### **4.3 Reasons why Damstra Shareholders may consider voting against the Scheme, and disadvantages of the Scheme**

Although the Damstra Directors unanimously recommend that you vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Damstra Shareholders, reasons why you may consider voting against the Scheme include:

(a) **You may disagree with the Damstra Directors and the opinion of the Independent Expert and consider that the Scheme is not in your best interests**

Despite the recommendation of the Damstra Board, and the opinion of the Independent Expert that the Scheme is fair and reasonable and in the best interests of Damstra Shareholders, in the

absence of a Superior Proposal, you may believe that the Scheme is not in your best interests or that of other Damstra Shareholders.

(b) **You may prefer to retain your Damstra Shares and have the opportunity to participate in the future financial performance of Damstra as a standalone, ASX-listed company**

If the Conditions Precedent are satisfied or, if applicable, waived, the Scheme is expected to be implemented on or about Friday, 26 April 2024. This timeframe may not be consistent with your investment objectives, and you may consider that your Damstra Shares have greater value over the longer term (if Damstra remained as a standalone, ASX-listed entity). You may consider that, despite the risk factors outlined in Sections 9.2 and 9.3, Damstra has long-term growth potential and that the Scheme Consideration does not fully reflect your views on that long-term value. You may, therefore, prefer to retain your Damstra Shares and have the opportunity to realise the value of your Damstra Shares over the longer term.

(c) **You may wish to maintain an investment in a publicly listed company with the specific characteristics of Damstra in terms of industry, operations, profile, size and capital structure**

You may wish to maintain your investment in Damstra in order to have an investment in a publicly listed company with the specific characteristics of Damstra in terms of industry, operational profile, size and capital structure.

Implementation of the Scheme may result in a disadvantage to those who wish to maintain their investment profile. Damstra Shareholders who wish to maintain their investment profile may find it difficult to find an investment with a similar profile to that of Damstra and they may incur transaction costs in undertaking any new investment.

(d) **The tax consequences of the Scheme may not suit your current financial position**

Implementation of the Scheme may trigger taxation consequences for Scheme Shareholders, and these consequences may not be favourable to you. A general guide to the taxation implications of the Scheme for Scheme Shareholders is set out in Section 10 (**Taxation implications for Scheme Shareholders**). This guide is expressed in general terms only and Damstra Shareholders should seek professional taxation advice regarding the tax consequences applicable to their own circumstances.

(e) **You may believe that there is the potential for a Superior Proposal to be made in the foreseeable future**

You may believe that there is the potential for a Superior Proposal to be made in the foreseeable future, in which case you may wish to retain your Damstra Shares. However, as at the date of this Scheme Booklet, no Superior Proposal has been received by the Damstra Board (or has otherwise emerged) and the Damstra Directors are not aware of any Superior Proposal that is likely to emerge.

#### **4.4 Other considerations relevant to a Damstra Shareholder's vote**

In addition to the factors that the Damstra Directors have taken into account in recommending the Scheme to Damstra Shareholders or which may lead Damstra Shareholders to vote against the Scheme, as described above, the other key considerations that the Damstra Board considers may be relevant to a Damstra Shareholder's decision on how to vote on the Scheme Resolution are summarised below.

(a) **The Scheme may be implemented even if you vote against it**



Even if you do not vote on, or vote against, the Scheme Resolution at the Scheme Meeting, the Scheme may still be implemented if the Scheme Resolution is approved by the Requisite Majorities of Damstra Shareholders and, subsequently, the Court.

(b) **Conditions Precedent**

The Scheme is subject to a number of Conditions Precedent, which are summarised in Section 6.3. If these Conditions Precedent are not satisfied (or, if applicable, waived), the Scheme will not proceed, even if it is approved by the Requisite Majorities of Damstra Shareholders at the Scheme Meeting.

(c) **Risks**

If the Scheme becomes Effective, Damstra Shareholders will receive the Scheme Consideration, will cease to be a Damstra Shareholder, and will also no longer be exposed to the existing risks relating to Damstra's business and an investment in Damstra Shares summarised in Section 9 (**Risks**) (and other risks to which Damstra may be exposed). However, if the Scheme does not proceed, Damstra will continue to operate as a standalone entity listed on the ASX, Damstra Shareholders will continue to hold their Damstra Shares and be exposed to these risks and any opportunities associated with that investment.

In making your decision on how to vote on the Scheme Resolution, you should read this Scheme Booklet carefully and in its entirety. You should carefully consider the risks outlined in Section 9 (**Risks**) and your individual circumstances (however, Damstra notes that Section 9 (**Risks**) is general in nature only and does not take into account your individual objectives, financial situation, taxation position or particular needs).

While the Damstra Board unanimously recommends that Damstra Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Damstra Shareholders, Damstra Shareholders are encouraged to make their own independent assessment as to whether to vote in favour of the Scheme.

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## 5 Frequently asked questions

This Section answers some frequently asked questions about the Scheme. It is not intended to address all relevant issues for Damstra Shareholders. This Section should be read together with all other parts of this Scheme Booklet.

Question	Answer	Relevant Section(s) of this Scheme Booklet
<b>Background to, and overview of, the Scheme and the Scheme Consideration</b>		
<b>How is the Scheme Booklet being distributed?</b>	<p>If you have both an email address and communication preferences established in Damstra's share register you will be sent an email with links to the Scheme Booklet and instructions on how to lodge your proxy votes online.</p> <p>If you have no email address or no communication preferences established in Damstra's share register you will be sent a document in the post with instructions on how to access the Scheme Booklet and how to lodge your proxy votes online or a physical Scheme Booklet and personalised proxy form.</p>	Section 1
<b>Why have I received this Scheme Booklet?</b>	<p>This Scheme Booklet has been sent to you because you are a Damstra Shareholder and Damstra Shareholders are being asked to vote on the Scheme which, if approved, will result in Ideagen acquiring all Damstra Shares for \$0.24 in cash per Damstra Share.</p> <p>This Scheme Booklet is intended to help you to decide how to vote on the Scheme Resolution, which needs to be passed by the Requisite Majorities at the Scheme Meeting to allow the Scheme to proceed.</p>	Section 1
<b>What is the Scheme?</b>	<p>The Scheme is a scheme of arrangement between Damstra and Damstra Shareholders under which, if the Scheme Resolution is passed by the Requisite Majorities at the Scheme Meeting and all other Conditions Precedent to the Scheme becoming Effective are satisfied (or, if applicable, waived), will result in:</p> <ul style="list-style-type: none"><li>• Ideagen acquiring all of the Damstra Shares; and</li><li>• each Scheme Shareholder receiving the Scheme Consideration from</li></ul>	Section 6

Question	Answer	Relevant Section(s) of this Scheme Booklet
	Ideagen, being \$0.24 for each Damstra Share held by that Scheme Shareholder as at the Scheme Record Date.	
	A scheme of arrangement is a statutory procedure that is commonly used in transactions which may result in a change of ownership or control of a company.	
<b>What is the Scheme Consideration?</b>	If the Scheme is implemented, Ideagen will pay to the Damstra Shareholders the Scheme Consideration, being \$0.24 in cash for each Damstra Share held by that Damstra Shareholder as at the Scheme Record Date.	Section 6.2
<b>What premium does the Scheme Consideration represent?</b>	<p>The Scheme Consideration of \$0.24 per Damstra Share represents a significant premium to recent trading prices of Damstra Shares, including:</p> <ul style="list-style-type: none"> <li>• a 140% premium to the closing Damstra Share price of \$0.10 on the Last Undisturbed Trading Date;</li> <li>• a 134% premium to the one-month VWAP of Damstra Shares (up to and including the Last Undisturbed Trading Date) of ~\$0.10 per Damstra Share;</li> <li>• a 161% premium to the six-month VWAP of Damstra Shares (up to and including the Last Undisturbed Trading Date) of ~\$0.09 per Damstra Share; and</li> <li>• a 4% premium to the closing Damstra Share price of \$0.23 per Damstra Share on the Last Practicable Trading Date.</li> </ul>	Section 4.2(c)
<b>When will I be paid the Scheme Consideration?</b>	If all Conditions Precedent to the Scheme are satisfied (or, if applicable, waived), Damstra Shareholders registered on the Damstra Share Register as at the Scheme Record Date will be sent the Scheme Consideration on the Scheme Implementation Date, which, as at the date of this Scheme Booklet, is expected to be Friday, 26 April 2024.	Section 6.4(h)

Question	Answer	Relevant Section(s) of this Scheme Booklet
	<p>If you have a nominated bank account on Damstra's share register you will be paid to that account. If you also have an email address recorded, you will be sent details of that payment by email. Otherwise, you will be sent payment by cheque to your registered address in the post.</p> <p>Update or check your bank account details via the Automic Investor Portal.</p> <p>Please go to the Automic website (<a href="https://investor.automic.com.au/#/home">https://investor.automic.com.au/#/home</a>), click on 'register' and follow the steps. Damstra Shareholders will require their holder number (SRN or HRN) to create an account with Automic or if you have previously register login with your credentials.</p>	

#### Voting recommendations and considerations relevant to a Damstra Shareholder's vote

<b>What is the recommendation of the Damstra Directors in relation to the Scheme?</b>	<p>The Damstra Directors unanimously recommend that Damstra Shareholders vote in favour of the Scheme Resolution at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Damstra Shareholders.</p> <p>The Relevant Interests of the Damstra Directors in Damstra Shares, and the interests of the Damstra Directors in the Scheme, are disclosed in Section 11 (<b>Additional information</b>). Damstra Shareholders should have regard to these interests when considering the Damstra Directors' unanimous recommendation in respect of the Scheme, which appears throughout this Scheme Booklet.<sup>4</sup></p>	Section 4.1
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<sup>4</sup> As at the date of this Scheme Booklet, Mr Johannes Risseuw (Executive Chairman of Damstra) holds or controls 19,417,992 Damstra Shares (representing 7.51% of the Damstra Shares on issue) and Mr Christian Damstra (Chief Executive Officer and Director) holds or controls 20,037,772 Damstra Shares (representing 7.75% of the Damstra Shares on issue). The other Damstra Directors hold or control such number of Damstra Shares as set out in section 11.1 of this Scheme Booklet.

In addition:

- (a) Entities associated with Mr Johannes Risseuw, Executive Chairman of Damstra, will receive a cash payment as consideration in respect of the cancellation or extinguishment (as applicable) of Damstra Options, Damstra Conditional Rights and Damstra Cash Incentives held by those entities, of an amount equal to \$1,144,756. See Section 11.6(b)(i) for further detail.
- (b) Entities associated with Mr Christian Damstra, Chief Executive Officer and Director of Damstra, will receive a cash payment as consideration in respect of the cancellation or extinguishment (as applicable) of Damstra Options,

Question	Answer	Relevant Section(s) of this Scheme Booklet
	<p>In considering whether to vote in favour of the Scheme, the Damstra Directors encourage you to:</p> <ul style="list-style-type: none"> <li>carefully read this Scheme Booklet (including the Independent Expert's Report) in its entirety;</li> <li>have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and</li> <li>obtain advice from your legal, financial, tax or other professional advisers on the effect of the Scheme becoming Effective.</li> </ul>	
<b>How do the Damstra Directors intend to vote?</b>	Each Damstra Director who holds Damstra Shares intends to vote, or cause to be voted, all Damstra Shares that he or she holds or Controls in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Damstra Shareholders. The number of Damstra Shares in which a Damstra Director has a Relevant Interest as at the date of this Scheme Booklet is set out in Section 11.1.	Section 4.1
<b>What is the Independent Expert's opinion of the Scheme?</b>	<p>The Independent Expert concluded in the Independent Expert's Report that the Scheme is fair and reasonable and in the best interests of Damstra Shareholders, in the absence of a Superior Proposal.</p> <p>The Independent Expert has assessed the value of Damstra Shares (on a 100% controlling interest basis) to be in the range</p>	Section 4.2(b) Independent Expert's Report at Attachment A

Damstra Conditional Rights and Damstra Cash Incentives held by those entities, of an amount equal to \$1,229,970. See Section 11.6(b)(ii) for further detail.

Further detail on the treatment of Damstra Options, Damstra Conditional Rights and Damstra Cash Incentives under the Scheme is set out in Section 11.3.

The Non-executive Directors consider that, despite these arrangements and interests, it is important and appropriate for each of Mr Risseeuw and Mr Damstra to make a recommendation to the Damstra Shareholders in respect of the Scheme, because: (i) of the importance of the Scheme and their roles as Damstra Directors; (ii) of their knowledge of Damstra and the industry in which it operates; and (iii) in their view, the Damstra Shareholders would likely want to know their recommendations in respect of the Scheme. Each of Mr Risseeuw and Mr Damstra also consider that despite the arrangements and interests described above, it is appropriate for each of them to make a recommendation to the Damstra Shareholders in respect of the Scheme given the importance of the Scheme and their knowledge of Damstra and the industry in which it operates.

Further, pursuant to a salary sacrifice arrangement described in Section 11.3(a)(ii), each Non-executive Director will have their ZEP Options received in lieu of board and committee fees cancelled for consideration of an amount equal to \$153,515 (Mr Drew Fairchild), \$126,624 (Mr Morgan Hurwitz), \$121,515 (Mr Simon Yencken) and \$116,404 (Ms Sara La Mela). See Section 11.7 for further detail.

Question	Answer	Relevant Section(s) of this Scheme Booklet
	<p>of \$0.20 to \$0.28 per Damstra Share.</p> <p>The Damstra Directors recommend that you read the Independent Expert's Report (or any update or variation to that report) carefully and in its entirety. A copy of the Independent Expert's Report is set out at Attachment A to this Scheme Booklet.</p>	
<b>What if the Independent Expert changes its conclusion in respect of the Scheme?</b>	<p>If the Independent Expert changes its conclusion in respect of the Scheme, this will be announced to ASX and the IBC will carefully consider the Independent Expert's revised conclusion and the Damstra Directors will advise Damstra Shareholders of their recommendation in respect of the Scheme.</p> <p>As noted in Section 6.3, it is a Condition Precedent to the Scheme becoming Effective that the Independent Expert does not change its conclusion that the Scheme is in the best interests of Damstra Shareholders or withdraw the Independent Expert's Report (or any update or variation of that report). This Condition Precedent is for the benefit of Damstra only and, if it were to not be satisfied (and Damstra did not waive it), unless Damstra and Ideagen agreed on an alternative course of action during a prescribed consultation period, Damstra would be entitled to terminate the Scheme Implementation Deed (in which case, the Scheme would not proceed and the Break Fee would not be payable to Ideagen by Damstra).</p>	Section 6.3
<b>What are the key reasons to vote in favour of the Scheme?</b>	<p>Reasons why you may consider voting in favour of the Scheme include:</p> <ul style="list-style-type: none"> <li>the Damstra Board unanimously recommends that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Damstra Shareholders;</li> <li>the Independent Expert has concluded in the Independent Expert's Report that the Scheme is fair and reasonable and in the best</li> </ul>	Section 4.2

Question	Answer	Relevant Section(s) of this Scheme Booklet
	<p>interests of Damstra Shareholders, in the absence of a Superior Proposal;</p> <ul style="list-style-type: none"> <li>the Scheme Consideration of \$0.24 per Damstra Share represents a significant premium to recent trading prices of Damstra Shares;</li> <li>the all-cash Scheme Consideration provides Damstra Shareholders certainty and immediate value for their Damstra Shares;</li> <li>no Superior Proposal has emerged as at the date of this Scheme Booklet and, as at the date of this Scheme Booklet, the Damstra Directors are not aware of any Superior Proposal that is likely to emerge;</li> <li>the Scheme allows you to sell all of your Damstra Shares;</li> <li>if the Scheme does not proceed, and no comparable proposal to the Scheme or Superior Proposal emerges, the Damstra Share price may fall to a price that is below the Scheme Consideration (including, potentially, to a price that is equal or close to the Damstra Share price on the Last Undisturbed Trading Date), at least in the near-term;</li> <li>if the Scheme does not proceed, and no alternative or competing proposal (including a Superior Proposal) is implemented, Damstra Shareholders will continue to be exposed to risks associated with Damstra's business, including those outlined in Sections 9.2 and 9.3; and</li> <li>no brokerage or stamp duty will be payable by you on the transfer of your Damstra Shares to Ideagen under the Scheme.</li> </ul> <p>These reasons are described in more detail in Section 4.2.</p>	
<b>What are the key reasons to vote against the Scheme?</b>	<p>The key reasons why you may consider voting against the Scheme include:</p> <ul style="list-style-type: none"> <li>you may disagree with the Damstra</li> </ul>	Section 4.3

Question	Answer	Relevant Section(s) of this Scheme Booklet
	<p>Directors' unanimous recommendation, and the Independent Expert's conclusion in the Independent Expert's Report that the Scheme is fair and reasonable and in the best interests of Damstra Shareholders, in the absence of a Superior Proposal, and believe that the Scheme is not in your best interests;</p> <ul style="list-style-type: none"> <li>• you may prefer to retain your Damstra Shares and have the opportunity to participate in the future financial performance of Damstra as a standalone, ASX-listed company;</li> <li>• you may wish to maintain an investment in a publicly listed company with the specific characteristics of Damstra in terms of industry, operations, profile, size and capital structure;</li> <li>• the tax consequences of the Scheme may not suit your current financial position; and</li> <li>• you may believe that there is potential for a Superior Proposal to be made in the foreseeable future (however, as at the date of this Scheme Booklet, no Superior Proposal has emerged and, as at the date of this Scheme Booklet, the Damstra Directors are not aware of any Superior Proposal that is likely to emerge).</li> </ul> <p>These reasons are described in more detail in Section 4.3.</p>	
<p><b>Are there any other considerations relevant to my vote on the Scheme?</b></p>	<p>In addition to the factors that the Damstra Directors have taken into account in recommending the Scheme to Damstra Shareholders or which may lead Damstra Shareholders to vote against the Scheme, as described above, the other key considerations that the Damstra Board considers may be relevant to a Damstra Shareholder's decision on how to vote on the Scheme Resolution are:</p> <ul style="list-style-type: none"> <li>• even if you do not vote on, or vote against, the Scheme Resolution at the Scheme Meeting, the Scheme</li> </ul>	<p>Section 4.4</p>



Question	Answer	Relevant Section(s) of this Scheme Booklet
	<p>may still be implemented if the Scheme Resolution is approved by the Requisite Majorities of Damstra Shareholders and, subsequently, the Court;</p> <ul style="list-style-type: none"> <li>the Scheme is subject to a number of Conditions Precedent. If these Conditions Precedent are not satisfied (or, if applicable, waived), the Scheme will not proceed, even if it is approved by the Requisite Majorities of Damstra Shareholders at the Scheme Meeting; and</li> <li>there are risks for Damstra Shareholders if the Scheme becomes, or does not become, Effective (see Section 9 (<b>Risks</b>)).</li> </ul>	
<b>Scheme implementation and process</b>		
<b>What are the key steps required to implement the Scheme?</b>	<p>The key remaining steps to implement the Scheme are:</p> <ul style="list-style-type: none"> <li>approval of the Scheme Resolution by the Requisite Majorities of Damstra Shareholders at the Scheme Meeting;</li> <li>the satisfaction (or, if applicable, waiver) of the remaining Conditions Precedent (as described below);</li> <li>Court approval of the Scheme at the Second Court Hearing; and</li> <li>lodgement of the Court order with ASIC, which will cause the Scheme to become Effective.</li> </ul> <p>Following lodgement of the Court order with ASIC, the Scheme will become Effective and will be implemented. If the Scheme is implemented:</p> <ul style="list-style-type: none"> <li>Damstra Shareholders will be paid the Scheme Consideration of \$0.24 in cash for each Damstra Share held by those Damstra Shareholders as at the Scheme Record Date; and</li> <li>all Damstra Shares held by Scheme Shareholders will be transferred to Ideagen BidCo.</li> </ul>	Section 6

Question	Answer	Relevant Section(s) of this Scheme Booklet
	<p>Section 6 (<b>Overview of the Scheme</b>) contains further details of the Scheme, including a description of the Requisite Majorities required for the Scheme Resolution to be passed and other Conditions Precedent that must be satisfied (or, if applicable, waived) for the Scheme to proceed.</p>	
<b>Is the Scheme subject to any conditions?</b>	<p>For the Scheme to become Effective and implemented, a number of Conditions Precedent must be satisfied (or, if applicable, waived). As at the date of the Scheme Booklet, these Conditions Precedent include that:</p> <ul style="list-style-type: none"> <li>• Ideagen obtains FIRB approval (which cannot be waived);</li> <li>• ASIC and ASX provide all necessary approvals and consents;</li> <li>• the Independent Expert concludes that the Scheme is in the best interest of Damstra Shareholders;</li> <li>• the Scheme is approved by the Court;</li> <li>• there is no legal or regulatory restraint impeding the implementation of the Scheme;</li> <li>• no Prescribed Occurrence or Material Adverse Change occurs in respect of the Scheme; and</li> <li>• all necessary steps are taken to deal with the Damstra Options, Damstra Warrants and Damstra Cash Incentives in accordance with the Scheme Implementation Deed.</li> </ul> <p>These Conditions Precedent are summarised further in Section 6.3 and are set out in full in clause 3.1 of the Scheme Implementation Deed.</p> <p>The Scheme will not proceed unless all the Conditions Precedent are satisfied (or, if applicable, waived) in accordance with the Scheme and the Scheme Implementation Deed.</p> <p>As at the date of this Scheme Booklet, the</p>	Section 6.3

Question	Answer	Relevant Section(s) of this Scheme Booklet
	Damstra Directors are not aware of any circumstances which would cause any Condition Precedent not to be satisfied.	
<b>Is the Scheme subject to a “material adverse change” condition?</b>	Yes. As described in Section 6.3, for the Scheme to become Effective and implemented, the No Material Adverse Change Condition Precedent must be satisfied (or waived by Ideagen). The definition of “Material Adverse Change” in Section 12 ( <b>Glossary</b> ) sets out what will constitute a Material Adverse Change. As at the date of this Scheme Booklet, the Damstra Directors are not aware of any circumstances which would cause the No Material Adverse Change Condition Precedent to not to be satisfied.	Section 6.3 Section 12
<b>Are there any regulatory approvals required for the Scheme to become Effective?</b>	<p>Yes. The Scheme is subject to the FIRB approval Condition Precedent, which is a Condition Precedent to the Scheme becoming Effective.</p> <p>As at the date of this Scheme Booklet, the Treasurer has not yet provided notice that the Commonwealth Government has no objection to the Scheme under the FATA and the FIRB approval Condition Precedent remains outstanding.</p> <p>While, as at the date of this Scheme Booklet, Damstra is not aware of any circumstances which would cause the outstanding FIRB approval Condition Precedent to not be satisfied, it is possible that the requirements for satisfaction of the FIRB approval Condition Precedent may be delayed and that this may result in a delay to the date of the Scheme Meeting and/or implementation of the Scheme.</p>	Sections 6.3 and 11.10
<b>Can the Scheme Implementation Deed or the Scheme be terminated?</b>	The Scheme Implementation Deed may be terminated in certain circumstances, details of which are summarised in Section 11.9(d). If the Scheme Implementation Deed is terminated, the Scheme will not proceed.	Section 11.9(d)
<b>What happens if the Conditions Precedent are not satisfied or the Scheme Implementation</b>	If the Conditions Precedent are not satisfied or, if applicable, waived, or the Scheme Implementation Deed is terminated, then the Scheme will not be implemented and,	Section 9.4(a)

Question	Answer	Relevant Section(s) of this Scheme Booklet
<b>Deed is terminated?</b>	<p>as set out in Section 9.4(a):</p> <ul style="list-style-type: none"> <li>each Damstra Shareholder will retain their Damstra Shares and none of the Damstra Shares will be acquired by Ideagen BidCo under the Scheme;</li> <li>you will not receive the Scheme Consideration;</li> <li>Damstra will, if an alternative or competing proposal (including a Superior Proposal) is not implemented, continue to operate as a standalone, ASX-listed company and, as such, Damstra Shareholders will be exposed to the risks relating to Damstra's business, including those outlined in Sections 9.2 and 9.3; and</li> <li>if the Scheme does not proceed, and no comparable proposal to the Scheme or Superior Proposal is received by the Damstra Board (or otherwise emerges), then the Damstra Share price may fall or trade at a price below the Scheme Consideration of \$0.24 per Damstra Share (including, potentially, to a price that is equal or close to the Damstra Share price on the Last Undisturbed Trading Date), at least in the immediate near-term.</li> </ul>	
<b>Which Damstra Shareholders are eligible to participate in the Scheme and what will they receive if the Scheme is implemented?</b>	All Damstra Shareholders registered on the Damstra Share Register as the holders of Damstra Shares at the Scheme Record Date will be Scheme Shareholders and, therefore, will participate in the Scheme and be paid the Scheme Consideration of \$0.24 for each Damstra Share held on the Scheme Record Date.	Section 6.4(g)
<b>When and how will I receive my Scheme Consideration?</b>	<p>If the Scheme becomes Effective, Scheme Shareholders will be paid the Scheme Consideration payable by Ideagen on the Scheme Implementation Date.</p> <p>See Section 6.4(h)(iii) for more information on how the Scheme Consideration will be paid to you.</p>	Section 6.4(h)(iii)

Question	Answer	Relevant Section(s) of this Scheme Booklet
	Please ensure Damstra has your bank account details and email address recorded in the share register, so that Damstra can pay and promptly advise you of the results of the implementation of the scheme.	
<b>Will I have to pay brokerage fees or stamp duty?</b>	No brokerage fees or stamp duty will be payable by Scheme Shareholders on the transfer of Damstra Shares to Ideagen BidCo under the Scheme.	Section 4.2(i)
<b>When will the Scheme become Effective?</b>	The Scheme will become Effective on the date on which the Court order approving the Scheme is lodged with ASIC. The Scheme is currently expected to become Effective on Tuesday, 16 April 2024.	Section 6.4(e)
<b>What happens on the Scheme Implementation Date?</b>	<p>If the Scheme becomes Effective, on the Scheme Implementation Date:</p> <ul style="list-style-type: none"> <li>Damstra Shareholders will be sent the Scheme Consideration of \$0.24 in cash for each Damstra Share held by a Damstra Shareholder as at the Scheme Record Date (see Section 6.4(h) for more information about how those payments will be made); and</li> <li>all Damstra Shares will be transferred to Ideagen BidCo.</li> </ul> <p>The Scheme Implementation Date is currently expected to be Friday, 26 April 2024.</p>	Section 6.4(h)
<b>Do I have to give any warranties in relation to my Scheme Shares?</b>	<p>Yes. Each Scheme Shareholder will be deemed to have warranted to Ideagen that:</p> <ul style="list-style-type: none"> <li>all of their Scheme Shares (including any rights and entitlements attaching to their Scheme Shares) which are transferred under the Scheme will, at the date of transfer to Ideagen BidCo, be fully paid and free from all Encumbrances;</li> <li>they have full power and capacity to transfer their Scheme Shares to Ideagen BidCo (together with any rights and entitlements attaching to such shares); and</li> </ul>	Section 6.8

Question	Answer	Relevant Section(s) of this Scheme Booklet
	<ul style="list-style-type: none"> <li>as at the Scheme Record Date, they have no existing right to be issued any other Scheme Shares, any other form of Damstra Shares, options exercisable into Damstra Shares, Damstra convertible notes or any other securities in Damstra (other than as provided for or contemplated in the Scheme Implementation Deed).</li> </ul>	
<b>If the Scheme is implemented, can I keep my Damstra Shares?</b>	No. If the Scheme is implemented, any Damstra Shares that you held on the Scheme Record Date will be transferred to Ideagen BidCo and you will receive the Scheme Consideration in respect of those Damstra Shares (even if you did not vote on, or you voted against, the Scheme Resolution at the Scheme Meeting).	Sections 6 and 9.4(d)
<b>What will happen if a Competing Proposal emerges?</b>	<p>If a Competing Proposal is received, the IBC will carefully consider it.</p> <p>Damstra Shareholders should note that Damstra has agreed to certain exclusivity restrictions in favour of Ideagen under the Scheme Implementation Deed, which apply to, among other things, Competing Proposals – these restrictions are summarised in Section 11.9(a). Under the Scheme Implementation Deed, Damstra must notify Ideagen within 24 hours after Damstra is approached in relation to any Competing Proposal (see Section 11.9(a)(v) for more information) and, in certain circumstances, the matching right process in favour of Ideagen summarised in Section 11.9(a)(vii) will apply.</p> <p>Under the Call Option Deeds, Ideagen has the option to acquire up to 15.25% of the issued securities in Damstra if there is a public announcement of a competing or alternate proposal, or an intention to undertake or propose a competing or alternate proposal. The terms of the Call Option Deeds are summarised in section 8.6(a) of this Scheme Booklet.</p>	Section 11.9
<b>Is there a break fee payable by Damstra under the Scheme Implementation Deed?</b>	Under the Scheme Implementation Deed, Damstra must pay to Ideagen the Break Fee (which is an amount equal to \$690,000) if certain events occur. These	Section 11.9(b)(i)

Question	Answer	Relevant Section(s) of this Scheme Booklet
	events (and other key terms of the Break Fee provisions in the Scheme Implementation Deed) are summarised in Section 11.9(b)(i).	
<b>Scheme Meeting and voting on the Scheme</b>		
<b>When and where will the Scheme Meeting be held?</b>	<p>The Scheme Meeting will be held virtually at 11.00am (Sydney time) on Wednesday, 10 April 2024.</p> <p>Damstra Shareholders or duly appointed proxies, attorneys or corporate representatives of Damstra Shareholders can attend, participate and vote at the Scheme Meeting through the Online Scheme Meeting Platform.</p> <p>Damstra Shareholders who participate in the Scheme Meeting through the Online Scheme Meeting Platform will be able to listen to the Scheme Meeting and cast a vote and ask questions online through the Online Scheme Meeting Platform.</p> <p>Full details of how to vote at the Scheme Meeting (including through the Online Scheme Meeting Platform) are set out in Section 3 (<b>How to vote on the Scheme Resolution</b>) and the Virtual Meeting Registration and Voting Shareholder Guide at Attachment F.</p>	<p>Sections 3 and 6.4(c)</p> <p>Notice of Scheme Meeting at Attachment D</p>
<b>What am I being asked to vote on at the Scheme Meeting?</b>	<p>Damstra Shareholders will be asked at the Scheme Meeting to vote on the Scheme Resolution to approve the Scheme.</p> <p>The Scheme Resolution is set out in the Notice of Scheme Meeting in Attachment D.</p>	<p>Section 6.4(c)</p> <p>Notice of Scheme Meeting at Attachment D</p>
<b>What are the voting thresholds required to approve the Scheme?</b>	<p>For the Scheme to proceed, votes “in favour of” the Scheme Resolution at the Scheme Meeting must be received from the Requisite Majorities of Damstra Shareholders. The Requisite Majorities for the Scheme Resolution are the resolution being passed by:</p> <ul style="list-style-type: none"> <li>a majority in number (more than 50%) of eligible Damstra Shareholders who are present and voting at the Scheme Meeting (either personally or by proxy, attorney or, in the case of a corporation, its duly appointed corporate representative), unless the Court orders otherwise; and</li> </ul>	<p>Section 6.4(c)(i)</p> <p>Notice of Scheme Meeting at Attachment D</p>

Question	Answer	Relevant Section(s) of this Scheme Booklet
	<ul style="list-style-type: none"> <li>at least 75% of the total number of votes cast on the Scheme Resolution by eligible Damstra Shareholders.</li> </ul>	
<b>Who can vote at the Scheme Meeting?</b>	Damstra Shareholders who are registered on the Damstra Share Register at 7.00pm (Sydney time) on Monday, 8 April 2024 are entitled to vote at the Scheme Meeting.	Sections 3 and 6.4(c) Notice of Scheme Meeting at Attachment D
<b>How do I vote at the Scheme Meeting?</b>	<p>Damstra is pleased to provide Damstra Shareholders with the opportunity to attend and participate in a virtual Scheme Meeting through an online meeting platform powered by Automic, where shareholders will be able to watch, listen and vote online (<b>Online Scheme Meeting Platform</b>).</p> <p>Full details of how to vote at the Scheme Meeting (whether through the Online Scheme Meeting Platform or by appointing a proxy, attorney or, if you are a body corporate, a duly appointed corporate representative to attend and vote at the Scheme Meeting on your behalf), the Online Scheme Meeting Platform (and how to access it) and how to lodge a Scheme Meeting Proxy Form, corporate representative appointment or power of attorney are set out in the Section 3 (<b>How to vote on the Scheme Resolution</b>), the Notice of Scheme Meeting at Attachment D, and (in respect of the Online Scheme Meeting Platform) the Virtual Meeting Registration and Voting Shareholder Guide at Attachment F.</p>	Section 3 Notice of Scheme Meeting at Attachment D
<b>Is voting at the Scheme Meeting compulsory?</b>	Voting is not compulsory. However, the Scheme will only be successful if the Scheme Resolution is approved by the Requisite Majorities of Damstra Shareholders, so voting is important, and the Damstra Directors encourage you to vote.	Sections 6.3 and 6.4(c)
<b>What if I do not vote at the Scheme Meeting or do not vote in favour of the Scheme Resolution?</b>	<p>If Damstra Shareholders who support the Scheme do not vote at the Scheme Meeting, there is a risk that the Scheme Resolution will not be approved by the Requisite Majorities of Damstra Shareholders and, therefore, will not be implemented.</p> <p>If you do not vote on, or you vote against, the Scheme Resolution, but the Scheme</p>	Section 4.4(a)



Question	Answer	Relevant Section(s) of this Scheme Booklet
	<p>Resolution is nonetheless approved by the Requisite Majorities of Damstra Shareholders, then, subject to the other Conditions Precedent to the Scheme (including Court approval at the Second Court Hearing) being satisfied (or, if applicable, waived):</p> <ul style="list-style-type: none"> <li>the Scheme will be implemented and binding on all Damstra Shareholders (who are Scheme Shareholders), including any such Damstra Shareholders who did not vote on, or voted against, the Scheme Resolution; and</li> <li>any Damstra Shares held by Damstra Shareholders who did not vote on, or voted against, the Scheme Resolution on the Scheme Record Date will be transferred to Ideagen and those Damstra Shareholders will be sent the Scheme Consideration (together with all other Damstra Shareholders).</li> </ul>	
<b>When will the results of the Scheme Meeting be known?</b>	The results of the Scheme Meeting will be available shortly after the conclusion of the Scheme Meeting and will be announced to ASX once available.	Section 6.4(c)(iii)
<b>Information about Ideagen and the Ideagen Group</b>		
<b>Who is Ideagen and the Ideagen Group?</b>	<p>Ideagen is a private company registered in the United Kingdom and a member of the Ideagen Group. The Ideagen Group provides software as a service enabled governance, risk, health and safety, compliance and collaboration software to customers in highly regulated industries including manufacturing, construction, finance, healthcare, life sciences and aviation. The Ideagen Group is headquartered in the United Kingdom, with operations in Europe, the United States of America, the Middle East, Southeast Asia and Australia and has a portfolio of assets valued at \$3,043,759,120.00<sup>5</sup> as at 30 April 2023 (based on the consolidated accounts</p>	Section 8

<sup>5</sup> Assuming a conversion rate of £1 to AU\$1.94 – as at the Last Practicable Trading Date.

Question	Answer	Relevant Section(s) of this Scheme Booklet
	<p>of the Ideagen Group).</p> <p>Ideagen BidCo is a recently incorporated Australian private company. Ideagen BidCo is a wholly owned Subsidiary of Ideagen HoldCo and an indirectly wholly owned Subsidiary of Ideagen. Ideagen BidCo has been incorporated for the purpose of acquiring the Damstra Shares.</p>	
<b>What are Ideagen's intentions for Damstra if the Scheme is implemented?</b>	<p>If the Scheme is implemented, Ideagen BidCo will hold all of the Damstra Shares on issue. Ideagen intends to undertake a review of Damstra's strategic, financial and commercial operations following the Scheme being implemented to evaluate Damstra and its business and identify opportunities on how to best integrate Damstra's business and identify growth opportunities moving forward. Ideagen will only make final decisions following the completion of this review and based on the facts and circumstances at the relevant time.</p> <p>Ideagen's present intentions include to:</p> <ul style="list-style-type: none"> <li>• remove Damstra from the ASX;</li> <li>• reconstitute the Damstra Board;</li> <li>• continue the employment of Damstra's present management personnel and employees; and</li> <li>• continue the strategic direction and operations of Damstra.</li> </ul> <p>All statements in this section and Section 8.5 in respect of intentions for Damstra following the Scheme being implemented are statements of current intention only based on information available at the date of this Scheme Booklet and may change as new information becomes available to Ideagen or as circumstances change.</p>	Section 8.5
<b>How is Ideagen funding the Scheme Consideration?</b>	<p>Ideagen intends on funding the Scheme Consideration and other amounts associated with the Scheme (including the amounts required to repay certain third party debt commitments of Damstra) from a combination of existing committed debt facilities available to Ideagen and cash</p>	Section 8.4

Question	Answer	Relevant Section(s) of this Scheme Booklet
	<p>reserves available to Ideagen, as described in Section 8.4 .</p> <p>Ideagen and Ideagen BidCo have each entered into the Deed Poll to covenant in favour of Damstra Shareholders to perform the actions attributed to Ideagen under the Scheme. Those actions include providing the Scheme Consideration to Damstra Shareholders in accordance with the Scheme.</p> <p>On the basis of the arrangements described above and in Section 8.4 of this Scheme Booklet, Ideagen and Ideagen BidCo each believe that it will be able to satisfy its obligation to provide the aggregate amount of the Scheme Consideration as and when it is due under the terms of the Scheme.</p>	
<p><b>Does Ideagen currently hold any Damstra Shares?</b></p>	<p>As at the date of the Scheme Booklet, Ideagen has a Relevant Interest and Voting Power in 39,439,237 Damstra Shares representing 15.25% of the total Damstra Shares on issues. This Relevant Interest arises as a result of entry into, Call Option Deeds (in substantially similar form) with entities associated with significant Damstra shareholders, and Damstra Directors, Johannes Risseuw and Christian Damstra.</p> <p>Ideagen has no right to vote any of the Damstra Shares the subject of the call options prior to the exercise of the relevant call option.</p> <p>If Ideagen exercises the relevant call options, Ideagen will be precluded from voting these shares in favour of the Scheme.</p>	<p>Section 8.6(a)</p>
<b>Risks</b>		
<p><b>What are the risks associated with the Scheme?</b></p>	<p>The key risks relating to the Scheme are:</p> <ul style="list-style-type: none"> <li>if the Scheme is not implemented, Scheme Shareholders will not receive the Scheme Consideration and, if no comparable proposal to the Scheme or Superior Proposal is received by the Damstra Board (or otherwise emerges), Damstra will continue to operate as a standalone</li> </ul>	<p>Section 9.4</p>

Question	Answer	Relevant Section(s) of this Scheme Booklet
	<p>ASX-listed entity. Unless Damstra Shareholders choose to sell their Damstra Shares on the ASX, Damstra Shareholders will continue to hold Damstra Shares and will be exposed to both risks (including those set out in Section 9.2) and potential future benefits in retaining exposure to Damstra's business and assets;</p> <ul style="list-style-type: none"> <li>• each of Damstra and Ideagen has the right to terminate the Scheme Implementation Deed in certain circumstances, in which case the Scheme will not proceed. If, for any reason, any of the Conditions Precedent are not satisfied (or, if applicable, waived) and the Scheme does not proceed, or otherwise if the Scheme Implementation Deed is terminated, unless Damstra Shareholders choose to sell their Damstra Shares on the ASX, Damstra Shareholders will continue to hold Damstra Shares;</li> <li>• if the Scheme becomes Effective, there will be tax consequences for Scheme Shareholders, which may include tax being payable. For further information regarding general Australian tax consequences of the Scheme for Damstra Shareholders, see to Section 10 (<b>Taxation implications for Scheme Shareholders</b>) of this Scheme Booklet; and</li> <li>• if the Scheme is implemented, you will no longer be a Damstra Shareholder and will forgo any future benefits that may result from being a Damstra Shareholder. In particular, if the Scheme is implemented, you will not be able to participate in the future financial and share price performance of Damstra, retain any exposure to Damstra's business or assets or have the opportunity to share in any value that could be generated by Damstra in the future.</li> </ul>	
<b>What are the risks of an ongoing investment in</b>	There are a number of general risks, as well as risks specific to Damstra and/or the	Section 9

Question	Answer	Relevant Section(s) of this Scheme Booklet
<b>Damstra if the Scheme is not implemented?</b>	<p>industries in which it operates, which could materially adversely affect the future operating and financial performance of Damstra, as well as the value of Damstra and the potential for any future dividends to be declared and paid by Damstra. Section 9 (<b>Risks</b>) outlines:</p> <ul style="list-style-type: none"> <li>• general investment risks (refer to Section 9.2); and</li> <li>• specific risks associated with your current investment in Damstra (refer to Section 9.3).</li> </ul> <p>However, Section 9 (<b>Risks</b>) is a summary only. There may be additional risks and uncertainties not currently known to Damstra which may also have a material adverse effect on Damstra's financial and operational performance now or in the future.</p>	
<b>Taxation implications</b>		
<b>What are the taxation implications of the Scheme for Scheme Shareholders?</b>	<p>Australian resident Damstra Shareholders who hold their Damstra Shares on capital account will trigger a CGT event upon transfer of their Damstra Shares to Ideagen.</p> <p>Australian resident Damstra Shareholders should make a capital gain from the disposal of their Damstra Shares if the capital proceeds received exceed the tax cost base of their Damstra shares. The capital gain may be eligible to be reduced by the CGT discount.</p> <p>Australian resident Damstra Shareholders should make a capital loss from the disposal of their Damstra Shares if the capital proceeds received are less than the reduced tax cost base of their Damstra Shares.</p> <p>The capital proceeds will be the Scheme Consideration, which will be A\$0.24 per Damstra Share.</p> <p>The cost base of a Damstra Shareholder's Damstra Share will generally include the amount of money paid, or the value of any property given, in respect of the acquisition of the shares plus certain non-deductible incidental costs (such as brokerage fees)</p>	Section 10

Question	Answer	Relevant Section(s) of this Scheme Booklet
	<p>relating to the acquisition, holding and disposal of the Damstra Shares.</p> <p>The reduced cost base of a Damstra Share would usually be determined in a similar but not identical manner.</p> <p>Damstra Shareholders should not be liable for GST or Duty on disposal of their Damstra Shares.</p> <p>This booklet does not cover taxation implications for non-resident shareholders. RSM Australia recommends that non-resident shareholders seek independent professional tax advice in this regard.</p>	
<b>Other questions</b>		
<b>Can I sell my Damstra Shares now?</b>	Yes. You can sell your Damstra Shares on market at any time before the close of trading on ASX on the Effective Date (assuming the Scheme is approved by Damstra Shareholders at the Scheme Meeting) at the prevailing market price at that time (which may vary from the Scheme Consideration). If you do so, you will not receive the Scheme Consideration and you may incur brokerage costs.	Section 6.4(f)
<b>Further information</b>		
<b>Who can I contact if I have further questions about this Scheme Booklet or the Scheme?</b>	If you have any further questions about this Scheme Booklet or the Scheme, please call the Damstra Shareholder Information Line on 1300 101 594 (within Australia) and +61 2 8072 1412 (outside Australia) Monday to Friday between 9.00am and 5.00pm (Sydney time). Please note that the Damstra Share Registry cannot provide any financial, taxation or investment advice and cannot give an opinion on the merits of the Scheme. If you have any questions about your individual financial or taxation circumstances, please contact your financial, legal, taxation or other professional advisers.	None

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## 6 Overview of the Scheme

### 6.1 Background

#### (a) Scheme Implementation Deed

On 25 January 2024, Damstra entered into the Scheme Implementation Deed with Ideagen, under which:

- (i) Damstra agreed to propose the Scheme to Damstra Shareholders; and
- (ii) Ideagen agreed to acquire all of the Damstra Shares as at the Scheme Record Date by way of the Scheme for the Scheme Consideration,

subject to the terms and conditions of the Scheme Implementation Deed and the Scheme.

A summary of the key terms of the Scheme Implementation Deed is set out in Section 11.9 of this Scheme Booklet. A copy of the Scheme Implementation Deed was released to the ASX by Damstra on 29 January 2024 and is also available on Damstra's website ([www.damstratechnology.com](http://www.damstratechnology.com)).

#### (b) Deed Poll

Ideagen and Ideagen BidCo have executed the Deed Poll, pursuant to which Ideagen and Ideagen BidCo have covenanted and undertaken in favour of each Scheme Shareholder to:

- (i) provide, or procure the provision of, the Scheme Consideration to each Scheme Shareholder in accordance with the terms of the Scheme; and
- (ii) perform all other actions and obligations attributed to and/or contemplated or required of Ideagen, and give each acknowledgement, representation and warranty (if any) given by (or otherwise attributed to or required of) Ideagen, under the Scheme,

in each case subject to and in accordance with the terms of the Scheme.

A copy of the Deed Poll is set out in Attachment C to this Scheme Booklet.

#### (c) Overview of the Scheme

This Section 6 (**Overview of the Scheme**) contains an overview of the Scheme. If the Scheme becomes Effective and is implemented, Damstra will be delisted from ASX and become a wholly-owned Subsidiary of Ideagen.

### 6.2 What Damstra Shareholders will receive – an overview of the Scheme Consideration

#### (a) Scheme Consideration

If the Scheme is implemented, each Damstra Shareholder will receive the Scheme Consideration of \$0.24 in cash for each Damstra Share held by that Damstra Shareholder as at the Scheme Record Date.

#### (b) Fractional entitlements

Where the calculation of the Scheme Consideration to be provided to a particular Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a cent (after applying the Scheme Shareholders' entitlement (prior to rounding) to its entire holding of

Scheme Shares), the fractional entitlement will be rounded down to the nearest whole cent. The details regarding fractional entitlements are set out in full in clause 5.4 of the Scheme (a copy of which is attached as Attachment B).

### 6.3 Conditions Precedent

The Scheme becoming Effective is subject to the satisfaction (or, if applicable, waiver) of a number of Conditions Precedent. The following Conditions Precedent are outstanding as at the date of this Scheme Booklet:

- **FIRB approval:** Ideagen obtains FIRB approval to acquire Damstra before 8.00am on the Second Court Date.
- **ASIC and ASX:** all ASIC and ASX consents, approvals, waivers or relief that are necessary or desirable to implement the Scheme are obtained and in place as at 8.00am on the Second Court Date.
- **Independent Expert:** the Independent Expert concludes in the Independent Expert's Report that in its opinion the Scheme is in the best interest of Damstra Shareholders before this Scheme Booklet is lodged with ASIC and the Independent Expert does not change its conclusion or withdraw the Independent Expert's Report before 8.00am on the Second Court Date.
- **Court Approval:** the Court approves the Scheme.
- **Damstra Shareholders:** Damstra Shareholders approve the Scheme at the Scheme Meeting by the Requisite Majorities.
- **No restraints:** there is no legal or regulatory restraint by an Australian court or Government Agency in place that restrains, prohibits or impedes or makes illegal the implementation of the Transaction as at 8.00am on the Second Court Date.
- **No Prescribed Occurrence:** No Prescribed Occurrence occurs between (and including) the date of the Scheme Implementation Deed and 8.00am on the Second Court Date.
- **No Material Adverse Change:** No Material Adverse Change occurs between the date of the Scheme Implementation Deed and 8.00am on the Second Court Date.
- **Damstra Options, Damstra Warrants and Damstra Cash Incentives:** Damstra and the holders of Damstra Options and Damstra Warrants and recipients of Damstra Cash Incentives have taken all necessary steps by 8.00am on the Second Court Date to ensure that the Damstra Options, Damstra Warrants and Damstra Cash Incentives are dealt with in accordance with the terms of the Scheme Implementation Deed.

The FIRB approval Condition Precedent set out above cannot be waived.

The Conditions Precedent are set out in full in clause 3.1 of the Scheme Implementation Deed. The Scheme will not proceed unless all the Conditions Precedent are satisfied (or, if applicable, waived) in accordance with the Scheme and the Scheme Implementation Deed.

As at the date of this Scheme Booklet, the Damstra Directors are not aware of any circumstances which would cause any Condition Precedent to not be satisfied.



## 6.4 Steps for implementing the Scheme

### (a) Remaining requirements for the Scheme to become Effective and be implemented

The Scheme will only become Effective and be implemented if:

- (i) the Scheme Resolution is approved by the Requisite Majorities of Damstra Shareholders at the Scheme Meeting;
- (ii) the Scheme is approved by the Court at the Second Court Hearing; and
- (iii) the other Conditions Precedent (which are summarised in Section 6.3 above) are satisfied (or, if applicable, waived).

### (b) Summary of the Scheme Resolution to be considered at the Scheme Meeting

Damstra Shareholders will be asked to consider and, if thought fit, pass the Scheme Resolution at the Scheme Meeting, which is a resolution under section 411(4)(a)(ii) of the Corporations Act to approve the Scheme.

### (c) The Scheme Meeting

#### (i) Scheme Meeting

In accordance with an order of the Court dated 8 March 2024, Damstra has convened the Scheme Meeting, to be held virtually through the Online Scheme Meeting Platform at 11.00am (Sydney time) on Wednesday, 10 April 2024 (see Section 3 (**How to vote on the Scheme Resolution**)) for more information about how to participate in the Scheme Meeting (including through the Online Scheme Meeting Platform) and vote on the Scheme Resolution).

At the Scheme Meeting, Damstra Shareholders will be asked to approve the Scheme by voting in favour of the Scheme Resolution. The terms of the Scheme Resolution to be considered at the Scheme Meeting are contained in the Notice of Scheme Meeting set out in Attachment D. The fact that the Court has ordered that the Scheme Meeting be convened is no indication that the Court has a view as to the merits of the Scheme or as to how Damstra Shareholders should vote on the Scheme Resolution. On these matters, Damstra Shareholders must reach their own decision.

For the Scheme to proceed, votes “in favour of” the Scheme Resolution at the Scheme Meeting must be received from the Requisite Majorities of Damstra Shareholders. The Requisite Majorities for the Scheme Resolution are:

- (A) a majority in number (more than 50%) of eligible Damstra Shareholders who are present and voting at the Scheme Meeting (either personally or by proxy, attorney or, in the case of a corporation, its duly appointed corporate representative), unless the Court orders otherwise; and
- (B) at least 75% of the total number of votes cast on the Scheme Resolution by eligible Damstra Shareholders.

Voting at the Scheme Meeting will be conducted by poll. Damstra Shareholders who are registered on the Damstra Share Register at 7.00pm (Sydney time) on Monday, 8 April 2024 will be entitled to vote at the Scheme Meeting. Instructions on how to vote at the Scheme Meeting are set out in Section 3 (**How to vote on the Scheme Resolution**) and the Notice of Scheme Meeting at Attachment D.

(ii) **Damstra Directors' recommendation and voting intentions**

The Damstra Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Damstra Shareholders. Subject to the same qualifications, each Damstra Director who holds Damstra Shares intends to vote, or cause to be voted, all Damstra Shares that he or she holds or Controls in favour of the Scheme Resolution.

The Relevant Interests of the Damstra Directors in Damstra Shares, and the interests of the Damstra Directors (including Mr Christian Damstra, Chief Executive Officer of Damstra) in the Scheme, are disclosed in Section 11 (**Additional information**). Damstra Shareholders should have regard to these interests when considering the Damstra Directors' unanimous recommendation in respect of the Scheme, which appears throughout this Scheme Booklet.<sup>6</sup>

In considering whether to vote in favour of the Scheme, the Damstra Directors encourage you to:

- (A) carefully read this Scheme Booklet in its entirety (including the Independent Expert's Report);
- (B) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- (C) obtain advice from your legal, financial, tax or other professional advisers on the effect of the Scheme becoming Effective.

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<sup>6</sup> As at the date of this Scheme Booklet, Mr Johannes Risseeuw (Executive Chairman of Damstra) holds or controls 19,417,992 Damstra Shares (representing 7.51% of the Damstra Shares on issue) and Mr Christian Damstra (Chief Executive Officer and Director) holds or controls 20,037,772 Damstra Shares (representing 7.75% of the Damstra Shares on issue). The other Damstra Directors hold or control such number of Damstra Shares as set out in section 11.1 of this Scheme Booklet.

In addition:

- (a) Entities associated with Mr Johannes Risseeuw, Executive Chairman of Damstra, will receive a cash payment as consideration in respect of the cancellation or extinguishment (as applicable) of Damstra Options, Damstra Conditional Rights and Damstra Cash Incentives held by those entities, of an amount equal to \$1,144,756. See Section 11.6(b)(i) for further detail.
- (b) Entities associated with Mr Christian Damstra, Chief Executive Officer and Director of Damstra, will receive a cash payment as consideration in respect of the cancellation or extinguishment (as applicable) of Damstra Options, Damstra Conditional Rights and Damstra Cash Incentives held by those entities, of an amount equal to \$1,229,970. See Section 11.6(b)(ii) for further detail.

Further detail on the treatment of Damstra Options, Damstra Conditional Rights and Damstra Cash Incentives under the Scheme is set out in Section 11.3.

The Non-executive Directors consider that, despite these arrangements and interests, it is important and appropriate for each of Mr Risseeuw and Mr Damstra to make a recommendation to the Damstra Shareholders in respect of the Scheme, because: (i) of the importance of the Scheme and their roles as Damstra Directors; (ii) of their knowledge of Damstra and the industry in which it operates; and (iii) in their view, the Damstra Shareholders would likely want to know their recommendations in respect of the Scheme. Each of Mr Risseeuw and Mr Damstra also consider that despite the arrangements and interests described above, it is appropriate for each of them to make a recommendation to the Damstra Shareholders in respect of the Scheme given the importance of the Scheme and their knowledge of Damstra and the industry in which it operates.

Further, pursuant to a salary sacrifice arrangement described in Section 11.3(a)(ii), each Non-executive Director will have their ZEP Options received in lieu of board and committee fees cancelled for consideration of an amount equal to \$153,515 (Mr Drew Fairchild), \$126,624 (Mr Morgan Hurwitz), \$121,515 (Mr Simon Yencken) and \$116,404 (Ms Sara La Mela). See Section 11.7 for further detail.

(iii) **Results of the Scheme Meeting**

The results of the Scheme Meeting will be available as soon as practicable after the conclusion of the Scheme Meeting and will be announced to ASX ([www.asx.com.au](http://www.asx.com.au)) once available.

(d) **Second Court Hearing**

In the event that:

- (i) the Scheme Resolution is approved by the Requisite Majorities of Damstra Shareholders at the Scheme Meeting; and
- (ii) all other Conditions Precedent (other than Court approval of the Scheme) have been satisfied (or, if applicable, waived),

then Damstra will apply to the Court for orders approving the Scheme at the Second Court Hearing, which is expected to be held on or around Tuesday, 16 April 2024.

(e) **Effective Date**

If the Court makes orders approving the Scheme, on the Effective Date, Damstra will lodge with ASIC an office copy of the Court orders given under section 411(4)(b) of the Corporations Act approving the Scheme and the Scheme will then become Effective. Once the Scheme becomes Effective:

- (i) Ideagen will become bound to pay the Scheme Consideration (in the manner described in Section 6.4(h) below) to the Scheme Shareholders on the Scheme Implementation Date; and
- (ii) subject to the payment of the aggregate Scheme Consideration by Ideagen (as described in Section 6.4(h)(i) below), Damstra will become bound to take the steps required for Ideagen to become the holder of all Damstra Shares.

(f) **Suspension from trading in Damstra Shares on ASX**

If the Scheme becomes Effective, Damstra intends to apply to ASX for Damstra Shares to be suspended from trading on ASX from the close of trading on the Effective Date.

(g) **Scheme Record Date and entitlement to Scheme Consideration**

Those Damstra Shareholders on the Damstra Share Register on the Scheme Record Date (which is currently expected to be 7.00pm (Sydney time) on Friday, 19 April 2024) will be Scheme Shareholders and will be entitled to receive the Scheme Consideration in respect of the Damstra Shares they hold at that time.

(i) **Dealings on or prior to the Scheme Record Date**

For the purpose of determining the persons who are Scheme Shareholders, dealings in Damstra Shares will only be recognised if:

- (A) in the case of dealings of the type to be effected by CHESS, the transferee is registered on the Damstra Share Register as a holder of the relevant Damstra Shares as at the Scheme Record Date; and
- (B) in all other cases, registrable transfers or transmission applications are received at the place where the Damstra Share Register is maintained by 11.00am (Sydney

time) on the Scheme Record Date (in which case, Damstra must register such transfers or transmission applications before 7.00pm (Sydney time) on the Scheme Record Date).

Damstra will not accept for registration, nor recognise for the purpose of establishing the persons who are Scheme Shareholders, any transmission application or transfer in respect of Damstra Shares received after such times or received prior to these times and not in registrable form.

**(ii) Dealings after the Scheme Record Date**

For the purposes of determining entitlements to and the method of payment of the Scheme Consideration, Damstra will, until the Scheme Consideration has been paid to Scheme Shareholders and the name and address of Ideagen has been entered in the Damstra Share Register as the holder of all the Damstra Shares, maintain the Damstra Share Register in accordance with the terms of the Scheme, and the Damstra Share Register in this form will solely determine entitlements to and the method of payment of the Scheme Consideration.

After 7.00pm (Sydney time) on the Scheme Record Date, each entry on the Damstra Share Register will cease to be of any effect other than as evidence of entitlement to the Scheme Consideration in respect of the Damstra Shares relating to that entry.

Any share certificates or statements of holding in respect of Damstra Shares shall, from the Scheme Record Date, cease to have any effect as documents of evidence of title in respect of such Damstra Shares.

**(h) Implementation of the Scheme – payment of Scheme Consideration and transfer of Damstra Shares**

On the Scheme Implementation Date (which is currently expected to be Friday, 26 April 2024), the Scheme will be implemented by Damstra and Ideagen undertaking the following steps.

**(i) Deposit of aggregate Scheme Consideration by Ideagen**

On the date that is one Business Day before the Scheme Implementation Date, Ideagen BidCo will deposit (or will procure the deposit of) the aggregate Scheme Consideration payable to all Scheme Shareholders in cleared funds into an account nominated by Damstra to be held on trust by Damstra for Scheme Shareholders.

**(ii) Transfer of all Scheme Shares to Ideagen BidCo**

Subject to the payment of the aggregate Scheme Consideration by Ideagen BidCo as referred to in paragraph (i) above, all of the Scheme Shares (together with all rights and entitlements attaching to the Scheme Shares as at the Scheme Implementation Date) will be transferred to Ideagen BidCo by Damstra, without the need for any further act by any Scheme Shareholder (other than acts performed by Damstra or any of its directors or offices as attorney and agent for Scheme Shareholders under the Scheme, or otherwise) and Damstra will enter (or procure the entry of) the name and address of Ideagen BidCo in the Damstra Share Register as the holder of all Scheme Shares.

**(iii) Payment of Scheme Consideration**

The Scheme Consideration will be paid in accordance with the process below as determined by Damstra (at its discretion) by:

- (A) if a Scheme Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Damstra Share Registry to receive payments from Damstra by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election;
- (B) if a Scheme Shareholder has otherwise nominated a bank account for the purpose of receiving the Scheme Consideration by an appropriate authority from the Scheme Shareholder to Damstra, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means to that bank account; or
- (C) otherwise, whether or not the Scheme Shareholder has made an election referred to under sub-paragraph (A) or valid nomination referred to in subparagraph (B), dispatching, or procuring the dispatch of, a cheque for the Scheme Consideration that the Scheme Shareholder is entitled to receive (in Australian currency) by prepaid post to that Scheme Shareholder's registered address (at the Scheme Record Date) shown in the Damstra Share Register as at the Scheme Record Date.

If you have not previously notified the Damstra Share Registry of your nominated bank account or you would like to change your existing nominated bank account, you should update your standing instructions before the Scheme Record Date via the Automic Investor Portal at <https://investor.automic.com.au/#/home> by either registering as a new investor with your SRN or HIN or logging into your account.

If a Scheme Shareholder has not nominated a bank account and their whereabouts are unknown as at the Scheme Record Date, or if a deposit into such an account is rejected or refunded or a cheque issued has been cancelled, the Scheme Consideration will be paid into a separate bank account and held by Damstra until claimed or applied under laws dealing with unclaimed money. If you wish to confirm your current details with the Damstra Share Registry, you may do so using the Automic Investor Portal at <https://investor.automic.com.au/#/home>.

## **6.5 Delisting of Damstra**

If the Scheme becomes Effective, on or after the Scheme Implementation Date (to be determined by Ideagen), Damstra will apply for termination of the Official Quotation of Damstra Shares on the ASX, and to be removed from the Official List of the ASX.

## **6.6 End Date**

If the Scheme has not become Effective on or before the End Date, either Damstra or Ideagen is able to terminate the Scheme Implementation Deed. If the Scheme Implementation Deed is terminated, the Scheme will not proceed.

## **6.7 Copy of the Damstra Share Register**

Under sections 169 and 173 of the Corporations Act, any Damstra Shareholder has a right to inspect, and to ask for a copy of, the Damstra Share Register, which contains details of the registered name and address of each Damstra Shareholder. Damstra may require a Damstra Shareholder to provide reasons for their request prior to providing a copy of the Damstra Share Register, and a Damstra Shareholder must not use any information obtained for an improper purpose. A copy of the Damstra Share Register will be given to any Damstra Shareholder upon request and payment of the prescribed fee under the Corporations Act where Damstra is satisfied that the details provided are not likely to be used for an improper purpose.

## **6.8 Warranties given by Scheme Shareholders under the Scheme**

Under the terms of the Scheme, each Scheme Shareholder is deemed to have warranted to Damstra and Ideagen, and is deemed to have appointed and authorised Damstra as its attorney and agent to warrant to Ideagen, on the Scheme Implementation Date, that:

- (a) all of their Scheme Shares (including any rights and entitlements attaching to their Scheme Shares) which are transferred under the Scheme will, at the date of transfer to Ideagen BidCo, be fully paid and free from all Encumbrances;
- (b) they have full power and capacity to transfer their Scheme Shares to Ideagen BidCo (together with any rights and entitlements attaching to such shares); and
- (c) as at the Scheme Record Date, they have no existing right to be issued any other Scheme Shares, any other form of Damstra Shares, options exercisable into Damstra Shares, Damstra convertible notes or any other securities in Damstra (other than as provided for or contemplated in the Scheme Implementation Deed)

Under the terms of the Scheme, Damstra undertakes that it will provide that warranty to Ideagen as agent and attorney of each Scheme Shareholder.

## **6.9 Indicative timetable**

An indicative timetable for the Scheme appears on page 13 of this Scheme Booklet. All dates and times are indicative only and, among other things, are subject to the Court approval process and satisfaction or, where applicable, waiver of the Conditions Precedent. Any changes to the timetable (which may include an earlier or later date for the Scheme Meeting or Second Court Hearing) will be announced on the ASX and notified on Damstra's website ([www.damstratechnology.com](http://www.damstratechnology.com))

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## 7 Information about Damstra

### 7.1 Overview of Damstra

#### (a) Damstra's business

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

Integral to Damstra's EPP, Damstra's Workforce Management, Learning Management and Connected Worker solutions combine to ensure people are protected. In creating workplaces that are safe, Damstra's access control, digital forms and safety solutions are utilised. Assets are connected into operations through integrated asset management enabling asset mobilisation and offerings in RFID (radio-frequency identification) and IOT (internet of things). Lastly, accessible information, reporting BI (business intelligence) tools and predictive analytics are critical to ensuring customers are making the right decisions with the right information.

#### (b) Strategic focus

Damstra is executing its vision of being a global provider of EPP services and sees continuing strong growth in the future in both local and international markets.

Damstra's strategy is focused on three areas, geographic expansion, verticals and product.

##### (i) Geographic expansion

Damstra's products are now used in more than 25 countries globally. ANZ is the core business and Damstra has a small footprint in Asia through its existing clients. Damstra's key investment focus to date has been in North America, which has been underpinned by the successful implementation of recent clients wins and agreements to expand Damstra's services with existing clients.

##### (ii) Verticals

Damstra has a diverse global customer base, with the majority of revenue coming from the resilient civil construction and mining sectors and has growing exposure to the facilities management verticals via Damstra's developing global relationship with CBRE.

##### (iii) Product

Continual evolution of the Enterprise Protection Platform via solutions-driven development and deeper integrations. Damstra has focused on pivoting EPP from a product/module focus to a solutions focus, rather than concentrating on individual modules which has been vital to Damstra's focus on cross-selling and increasing the revenue potential of new clients.

## 7.2 Damstra Directors and senior management

### (a) Damstra Board

As at the date of this Scheme Booklet, the Damstra Board comprises the following Damstra Directors:

Name	Current position
Mr Johannes Risseuw	Executive director and Chairman
Mr Christian Damstra	Executive director and CEO
Mr Drew Fairchild	Non-executive director
Mr Morgan Hurwitz	Non-executive director
Mr Simon Yencken	Non-executive director
Ms Sara La Mela	Non-executive director

### (b) Damstra key management personnel

As at the date of this Scheme Booklet, Damstra's key management personnel are each of the following individuals:

Name	Current position
Mr Johannes Risseuw	Executive director and Chairman
Mr Christian Damstra	Executive director and CEO
Mr Paul Burrows	CFO and company secretary

## 7.3 Equity capital structure and market capitalisation

As at the date of this Scheme Booklet, Damstra has:

- (a) 258,652,689 Damstra Shares on issue;
- (b) 43,353,432 Damstra Options on issue, comprising 37,965,529 zero-exercise-price options (**ZEP Options**) and 5,387,903 non-zero-exercise-price options which have an exercise price significantly greater than the Scheme Consideration (**OOM Options**);
- (c) 10,100,331 Damstra Conditional Rights on issue; and
- (d) 14 Damstra Warrants on issue.

See Section 11.3 for further information about the treatment of the Damstra Options, Damstra Warrants, Damstra Equity Incentives and Damstra Cash Incentives in connection with the Scheme.



As at the Last Practicable Trading Date, Damstra had a market capitalisation of approximately \$59.5 million (based on a closing price of \$0.23 per Damstra Share and 258,652,689 Damstra Shares on issue).

#### 7.4 Employee incentives

As detailed in the FY23 Annual Report, Damstra operates a long-term incentive plan (**LTI Plan**) and a short-term incentive plan (**STI Plan**), each of which is designed to align the long and short-term targets of the business with the performance of its employees.

Pursuant to the LTI Plan and STI Plan, Damstra has issued Damstra Options, Damstra Conditional Rights and Damstra Cash Incentives.

Refer to Section 11.2 for details of the number of Damstra Options, Damstra Conditional Rights and Damstra Cash Incentives held by or on behalf of Damstra Directors.

Details regarding the treatment of Damstra Options, Damstra Conditional Rights and Damstra Cash Incentives if the Scheme proceeds are set out in Section 11.3.

#### 7.5 Damstra Warrants and PFG loan facility

The Damstra Group has a loan facility with PFG, a global venture and growth debt provider based in San Francisco, USA. On 5 June 2023, the Damstra Group renewed and extended its loan facility with PFG. As at the date of this Scheme Booklet, \$15,000,000 of the facility was drawn. Pursuant to the PFG loan facility, Damstra has from time to time issued to PFG and to Partners For Growth V, L.P. (**PFG V**) certain warrants, which PFG and PFG V can exercise (at the applicable exercise price) to receive Damstra Shares (**Damstra Warrants**).

As at the date of this Scheme Booklet, Damstra has 14 Damstra Warrants on issue, comprising:

- (a) 6 Damstra Warrants that were issued on 17 July 2023 that are exercisable into 13,200,261 shares as follows:
  - 2 warrants exercisable into 5,168,777 and 5,168,776 Damstra Shares, at an exercise price of \$0.10;
  - 2 warrants each exercisable into 766,797 Damstra Shares, at an exercise price of \$0.15; and
  - 2 warrants each exercisable into 664,557 Damstra Shares, at an exercise price of \$0.17; and
- (b) 8 Damstra Warrants that were issued on 30 June 2021 that are out of the money:
  - 2 warrants each exercisable into 104,404 Damstra Shares, at an exercise price of \$1.05;
  - 2 warrants each exercisable into 96,373 Damstra Shares, at an exercise price of \$1.14;
  - 2 warrants each exercisable into 178,979 Damstra Shares, at an exercise price of \$1.23; and
  - 2 warrants each exercisable into 222,729 Damstra Shares, at an exercise price of \$1.32.

Further detail on the treatment of the Damstra Warrants if the Scheme proceeds is set out in Section 11.3(c).

## 7.6 Substantial Damstra Shareholders

The substantial holders of Damstra Shares as at the Last Practicable Trading Date are:

Substantial Damstra Shareholder	Number of Damstra Shares <sup>7</sup>	Percentage of Damstra Shares on issue
Christian Damstra and Associates <sup>8</sup>	20,037,772	7.75%
Johannes Risseuw and Associates <sup>9</sup>	19,417,992	7.51%
Harvest Lane Asset Management Pty Ltd	16,069,981	6.21%
Regal Funds Management Pty Ltd	15,628,629	6.04%
Copia Investment Partners Ltd	13,219,022	5.11%

The holdings of Damstra Shares in this Section 7.4 are as disclosed to Damstra by the Damstra Shareholders in substantial holding notices on or before the Last Practicable Trading Date. Information in respect of substantial holdings arising, changing or ceasing after this time, or in respect of which the relevant announcement containing such information is not available on ASX's website ([www.asx.com.au](http://www.asx.com.au)), is not included above.

## 7.7 Recent Damstra Share price performance

Damstra Shares are listed on the ASX under the ticker code "DTC".

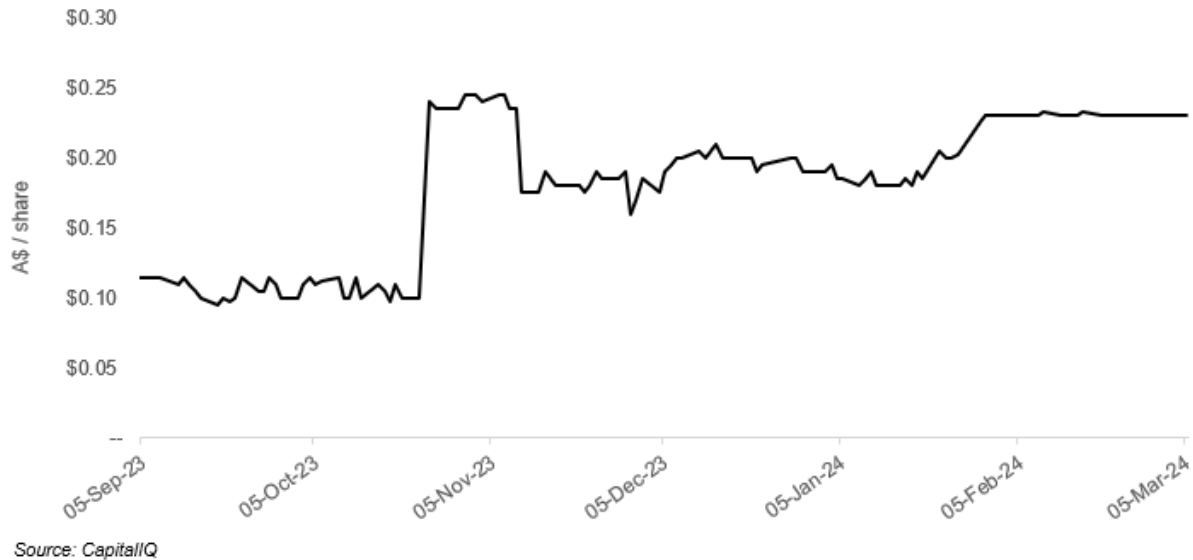
The graph below shows the closing Damstra Share price during the six-month period that ended on the Last Practicable Trading Date.

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<sup>7</sup> This refers to the number of Damstra Shares in which the person or entity and its Associates have a Relevant Interest as noted in the relevant substantial shareholder notice.

<sup>8</sup> As announced on 30 January 2024, Ideagen has entered into Call Option Deeds with entities associated with Christian Damstra and Johannes Risseuw in respect of a total of 15.25% of the issued shares in Damstra (being 39,439,237 Damstra Shares), which give Ideagen the right to acquire up to 15.25% of the issued shares in Damstra if a Competing Proposal emerges. Refer to Section 8.6(a) for further details.

<sup>9</sup> See footnote 8 above.



The closing Damstra Share price on the Last Practicable Trading Date was \$0.23 per Damstra Share. Up to and including the Last Practicable Trading Date:

- (a) the one-month VWAP of Damstra Shares was \$0.23 per Damstra Share;
- (b) the three-month VWAP of Damstra Shares was \$0.22 per Damstra Share;
- (c) the six-month VWAP of Damstra Shares was \$0.22 per Damstra Share; and
- (d) the lowest and highest Damstra Share price during the preceding six months were \$0.10 and \$0.25 per Damstra Share, respectively.

The Damstra Directors are unable to predict the price at which Damstra Shares will trade in the future but consider that, if the Scheme is not implemented and no comparable proposal to the Scheme or Superior Proposal is received by the Damstra Board or otherwise emerges, the Damstra Share price may fall or trade at a price below the Scheme Consideration of \$0.24 per Damstra Share (including, potentially, to a price that is equal or close to the Damstra Share price on the Last Undisturbed Trading Date), at least in the near-term.

## 7.8 Historical financial information relating to Damstra

This Section 7.8 contains audited financial information relating to Damstra for the last two financial years ended 30 June 2022 and 30 June 2023, and the half-year ended 31 December 2023. The historical financial information in this Section 7.8 is a summary only and has been prepared and extracted for the purposes of this Scheme Booklet only.

The historical financial information of Damstra presented in this Section 7.8 is in an abbreviated form and does not contain all the disclosures, presentations, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. Damstra considers that, for the purposes of this Scheme Booklet, the historical financial information presented in this Section 7.8 is more appropriate. The historical financial information of Damstra presented in this Scheme Booklet has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards and is presented on a standalone basis, and accordingly, does not reflect any impact of the implementation of the Scheme (or the transactions contemplated by it).

Further detail about Damstra's historical financial performance can be found in Damstra's financial statements for the financial years ended 30 June 2022 (which Damstra released to ASX on 25 August 2022) and 30 June 2023 (which Damstra released to ASX on 24 August 2023) and financial reports for the half-year ended 31 December 2023 (which Damstra released to ASX on 23 February 2024) from the ASX website ([www.asx.com.au](http://www.asx.com.au)) or from the Damstra website ([www.damstratechnology.com](http://www.damstratechnology.com)). A copy of these documents can be obtained, free of charge, from the ASX website ([www.asx.com.au](http://www.asx.com.au)) or from the Damstra website ([www.damstratechnology.com](http://www.damstratechnology.com)).

(a) **Historical consolidated income statement**

	Consolidated		
	12 Months to 30 Jun 2022	12 Months to 30 Jun 2023	6 Months to 31 Dec 2023
	\$'000	\$'000	\$'000
<b>Revenue from operations</b>	<b>28,989</b>	<b>29,463</b>	<b>14,991</b>
Other income	1,619	636	263
Interest revenue	43	151	73
<b>Expenses</b>			
Employee benefits expenses	(16,016)	(13,197)	(7,209)
Depreciation and amortisation expenses	(16,281)	(16,213)	(6,439)
Impairment of goodwill and other assets	(42,336)	(39,800)	-
Share of losses of joint ventures accounted for using the equity method	(38)	(109)	(41)
Other expenses	(16,330)	(11,931)	(5,617)
Finance costs	(2,064)	(4,805)	(987)
<b>Loss before income tax expense</b>	<b>(62,414)</b>	<b>(55,805)</b>	<b>(4,966)</b>
Income tax expense	(4,738)	-	(17)
<b>Loss after income tax expense for the year attributable to the owners of Damstra Holdings Limited</b>	<b>(67,152)</b>	<b>(55,805)</b>	<b>(4,983)</b>
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	(86)	8	(31)
<b>Total comprehensive loss for the year attributable to the owners of Damstra Holdings Limited</b>	<b>(67,238)</b>	<b>(55,797)</b>	<b>(5,014)</b>

(b) **Historical consolidated balance sheet**

	<b>Consolidated as at</b>		
	<b>30 Jun 2022</b>	<b>30 Jun 2023</b>	<b>31 Dec 2023</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9,738	7,140	5,966
Trade and other receivables	5,039	4,162	4,121
Inventories	395	-	6
Other assets	1,430	1,209	988
<b>Total current assets</b>	<b>16,602</b>	<b>12,511</b>	<b>11,081</b>
<b>Non-current assets</b>			
Investments accounted for using the equity method	221	112	71
Property, plant and equipment	5,194	4,550	3,887
Right-of-use assets	2,848	2,164	1,435
Intangible assets	105,214	59,535	57,571
Term deposits	357	306	257
Other assets	187	469	409
<b>Total non-current assets</b>	<b>114,021</b>	<b>67,136</b>	<b>63,630</b>
<b>Total assets</b>	<b>130,623</b>	<b>79,647</b>	<b>74,711</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	6,586	4,361	3,643
Contract liabilities	4,565	5,679	5,500
Borrowings	-	1,458	2,958
Lease liabilities	1,057	1,100	745
Employee benefits	1,969	2,426	2,842
Deferred consideration on acquisition	3,500	-	-
Deferred research and development income	458	-	-
Provisions	817	1,157	1,157
<b>Total current liabilities</b>	<b>18,952</b>	<b>16,181</b>	<b>16,845</b>
<b>Non-current liabilities</b>			
Contract liabilities	149	168	168
Borrowings	10,055	15,750	14,250
Lease liabilities	1,949	1,218	732
Employee benefits	187	114	31
<b>Total non-current liabilities</b>	<b>12,340</b>	<b>17,250</b>	<b>15,181</b>
<b>Total liabilities</b>	<b>31,292</b>	<b>33,431</b>	<b>32,026</b>
<b>Net assets</b>	<b>99,331</b>	<b>46,216</b>	<b>42,685</b>
<b>Equity</b>			
Issued capital	173,351	173,351	173,373
Reserves	13,088	15,778	17,208
Accumulated losses	(87,108)	(142,913)	(147,896)
<b>Total equity</b>	<b>99,331</b>	<b>46,216</b>	<b>42,685</b>

(c) **Historical consolidated cash flow statement**

	Consolidated		
	12 Months to 30 Jun 2022 \$'000	12 Months to 30 Jun 2023 \$'000	6 Months to 31 Dec 2023 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)	27,900	33,833	16,383
Payments to suppliers and employees (inclusive of GST)	(31,803)	(26,745)	(13,004)
Interest received	43	151	73
Other revenue	340	-	253
Income taxes paid	-	-	(17)
<b>Net cash from/(used in) operating activities</b>	<b>(3,520)</b>	<b>7,239</b>	<b>3,688</b>
<b>Cash flows from investing activities</b>			
Payment for purchase of subsidiary, net of cash acquired	(2,240)	(3,500)	-
Payments for property, plant and equipment	(1,151)	(1,150)	(430)
Payments for intangibles	(6,705)	(6,873)	(2,938)
Proceeds from disposal of property, plant and equipment	3	-	-
<b>Net cash used in investing activities</b>	<b>(10,093)</b>	<b>(11,523)</b>	<b>(3,368)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	20,020	-	-
Share issue transaction costs	(1,408)	-	-
Interest and other finance costs paid	(1,410)	(1,788)	(987)
Proceeds from borrowings	9,000	5,000	-
Repayment of borrowings	(11,497)	(571)	(128)
Repayment of lease liabilities	(831)	(1,006)	(428)
<b>Net cash from financing activities</b>	<b>13,874</b>	<b>1,635</b>	<b>(1,543)</b>
Net (decrease)/increase in cash and cash equivalents	261	(2,649)	(1,223)
Cash and cash equivalents at the beginning of the financial	9,834	10,095	7,446
<b>Cash and cash equivalents at the end of the financial</b>	<b>10,095</b>	<b>7,446</b>	<b>6,223</b>

## 7.9 Material changes to the financial position of Damstra since 31 December 2023

Other than:

- (a) the accumulation of earnings in the ordinary course of trading; and
- (b) as disclosed in this Scheme Booklet or as otherwise disclosed to ASX by Damstra,

within the knowledge of the Damstra Directors, the financial position of Damstra has not materially changed since 31 December 2023, being the date of Damstra's financial statements for the first half of the financial year ending 30 June 2024.

Damstra Shareholders may obtain a copy of:

- Damstra's annual report for the financial year ended 30 June 2022 (which Damstra released to ASX on 25 August 2022 and contains Damstra's consolidated financial statements for the financial year ended 30 June 2023);
- Damstra's annual report for the financial year ended 30 June 2023 (which Damstra released to ASX on 24 August 2023 and contains Damstra's consolidated financial statements for the financial year ended 30 June 2023); and/or
- financial reports for the half-year ended 31 December 2023 (which Damstra released to ASX on 23 February 2024 and contains Damstra's consolidated financial statements for the financial half-year ended 31 December 2023),

from the ASX website ([www.asx.com.au](http://www.asx.com.au)) or from the Damstra website ([www.damstratechnology.com](http://www.damstratechnology.com)).

#### **7.10 Damstra Directors' intentions for Damstra's business**

The Corporations Act requires a statement by the Damstra Directors of their intentions regarding the Damstra Group's business. If the Scheme is implemented, Ideagen intends to reconstitute the Damstra Board such that all of the Damstra Directors may be replaced (see Section 8.5(c)). Accordingly, it is not possible for the Damstra Directors to provide a statement of their intentions regarding:

- (a) the continuation of the business of the Damstra Group or how the Damstra Group's existing business will be conducted;
- (b) any major changes, if any, to be made to the business of the Damstra Group; or
- (c) any future employment of the present employees of the Damstra Group,

in respect of the period after implementation of the Scheme.

If the Scheme is implemented, Ideagen will own and control all of the Damstra Shares. The intentions of Ideagen with respect to the matters listed above if the Scheme is implemented are set out in Section 8.5.

If the Scheme is not implemented, as at the date of this Scheme Booklet, the Damstra Directors intend that Damstra will continue its current strategic plans as set out in Section 7.1(b), and operate on a standalone basis and remain listed on the ASX.

#### **7.11 Risks relating to Damstra's business**

There are existing risks relating to Damstra's business and an investment in Damstra Shares which will continue to be relevant to Damstra Shareholders if the Scheme does not become Effective. A summary of the key risks relating to Damstra's business and an investment in Damstra is set out in Section 9 (**Risks**).

#### **7.12 Publicly available information about Damstra**

Damstra is an ASX-listed disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, as a company listed on the ASX, Damstra is subject to the ASX Listing Rules, which require (subject to some exceptions) continuous disclosure of any information Damstra has that a reasonable person would expect to have a material effect on the price or value of Damstra Shares.

ASX maintains files containing publicly disclosed information about all companies listed on the ASX. Information disclosed to ASX by Damstra is available on ASX's website at [www.asx.com.au](http://www.asx.com.au).

In addition, Damstra is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Damstra may be obtained from ASIC.

A copy of Damstra's Annual Report for the financial year ended 30 June 2023 may be obtained by Damstra Shareholders free of charge, in the manner set out in Section 7.9.

The announcements made by Damstra to ASX from the time that Damstra announced that it and Ideagen had entered into the Scheme Implementation Deed on 25 January 2024 to the Last Practicable Trading Date are listed in the table below.<sup>10</sup>

Title of announcement	Date
Appendix 4C and Quarterly Activities Report	31 January 2024
Notification regarding unquoted securities - DTC	1 February 2024
Change of Director's Interest Notice (App 3Y)	1 February 2024
Issue of Shares on Exercise of Options	7 February 2024
Application for quotation of securities – DTC	8 February 2024
Change of Director's Interest Notice (App 3Y)	9 February 2024
Appendix 4D and FY24 Half year Financial Report	23 February 2024
Notification regarding unquoted securities – DTC	28 February 2024
Notification regarding unquoted securities – DTC	28 February 2024
Change of Director's Interest Notice (App 3Y)	1 March 2024

Further, a substantial amount of information about Damstra, including financial information and releases to ASX, is available in electronic form on Damstra's website at [www.damstratechnology.com](http://www.damstratechnology.com).

<sup>10</sup> This excludes announcements relating to substantial holding notices.



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## 8 Information on Ideagen and Ideagen Group

### 8.1 Introduction

The information contained in this Section 8 has been prepared by, and is the responsibility of, Ideagen and Ideagen BidCo. Although Ideagen and Ideagen BidCo believe that the intentions, views and opinions reflected in this Section 8 have been made on a reasonable basis, no assurance can be given that such intentions, views or opinions will prove to be correct.

### 8.2 Overview of the Ideagen Group

#### (a) Ideagen Group and its principal activities

Ideagen is a private limited company registered in the United Kingdom (company number 02805019). Ideagen was previously a public company listed on the London Stock Exchange, however, was privatised in July 2022 when it was indirectly acquired by a number of funds managed by Hg Pooled Management Limited and advised by HgCapital LLP, a software and services investor with more than 20 years of industry experience in building and growing innovative software businesses.

Ideagen is the primary trading entity of the Ideagen Group and is also a holding company in respect of certain assets of the Ideagen Group. The Ideagen Group provides 'software as a service' enabled governance, risk, health and safety, compliance and collaboration software to customers in highly regulated industries including manufacturing, construction, finance, healthcare, life sciences and aviation. The Ideagen Group is headquartered in the United Kingdom, with operations in Europe, the United States of America, the Middle East, Southeast Asia and Australia and has a portfolio of assets valued at \$3,043,759,120.00<sup>11</sup> as at 30 April 2023 (based on the consolidated accounts of the Ideagen Group).

Around 10,800 global organisations use the Ideagen Group's software, including global aviation organisations, government agencies, accounting firms, global aerospace corporations, global pharmaceutical companies and global food and drink brands.

Further information about the Ideagen Group and its operations is available on Ideagen's website at <https://www.ideagen.com/>.

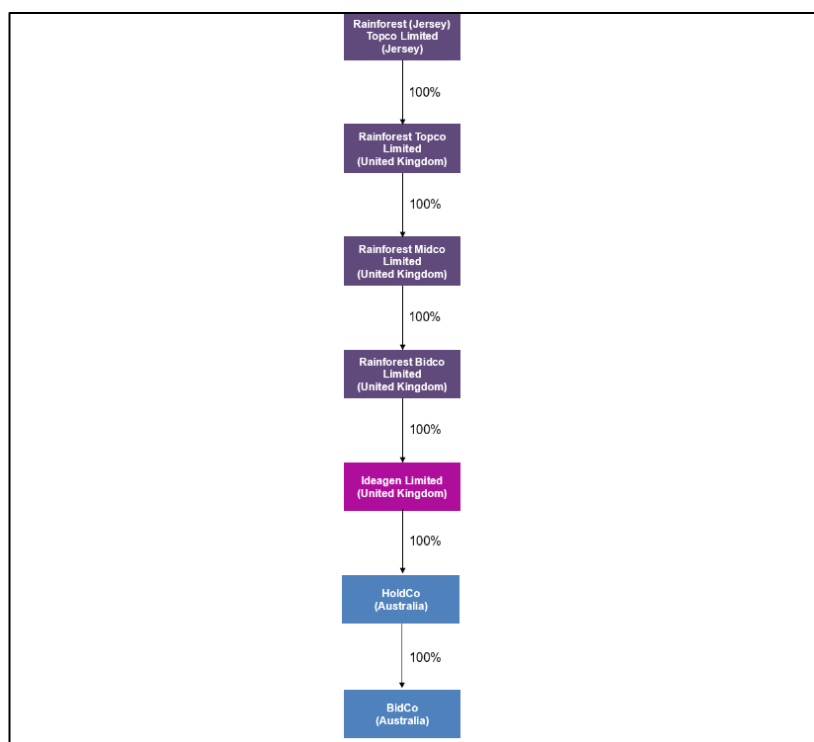
#### (b) Ideagen Group Ownership structure

Under the Scheme, subject to the provision of the Scheme Consideration, the Scheme Shares will be transferred to Ideagen BidCo. Ideagen BidCo is a recently incorporated Australian private company and is an indirectly wholly-owned Subsidiary of Ideagen. Ideagen BidCo has been incorporated for the sole purpose of acquiring all of the Damstra Shares if the Scheme becomes Effective and is implemented. Ideagen BidCo was incorporated on 22 February 2024 and is a wholly-owned Subsidiary of Ideagen HoldCo, which is in turn a wholly-owned Subsidiary of Ideagen. Refer to the corporate structure below.

As at 31 December 2023, the Ideagen Group is majority owned by funds managed by Hg Pooled Management Limited and advised by HgCapital LLP.

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<sup>11</sup> Assuming a conversion rate of £1 to AU\$1.94 – as at the Last Practicable Trading Date.



(c) **Directors**

The directors of Ideagen as at the date of this Scheme Booklet are:

- **Benjamin Charles Dorks** – Chief Executive Officer: Benjamin joined Ideagen in 2013 via the acquisition of Plumtree Group where he served as Sales and Marketing Director. In 2018, Benjamin was appointed Chief Executive Officer of Ideagen having previously served as Chief Customer Officer for Ideagen. As Chief Executive Officer, Benjamin is responsible for the overall performance of the business with specific focus on operational excellence, customer acquisition and retention and product development.
- **Emma Jane Hayes** – Chief Financial Officer: Emma joined Ideagen as Chief Financial Officer in July 2020 from Severn Trent PLC where she was Group Finance Director. Emma began her career in audit with BDO before moving onto Deloitte as a Corporate Finance Director where she worked with a range of corporate and private equity clients on M&A transactions.
- **Richard Longdon** – Non-Executive Director: Richard joined Ideagen in November 2019. Richard has had a significant career in the technology sector, having spent 33 years with AVEVA Group where he was Chief Executive Officer for 17 years. As well as AVEVA, Richard has previously held positions of senior independent non-executive director at listed companies Fidessa plc and Alfa Financial plc. Richard has also worked with private equity backed businesses serving as a non-executive director at Prometheus Inc and non-executive Chairman at Process Systems Enterprise Ltd.

The directors of Ideagen BidCo as at the date of this Scheme Booklet are:

- Benjamin Charles Dorks
- Emma Jane Hayes
- David Ian Griffiths: David is the Senior Vice President of CompliSpace Pty Ltd, an Australian compliance and governance software company and wholly-owned Subsidiary

of Ideagen. David joined the Ideagen Group in 2021 when CompliSpace Pty Ltd was acquired by Ideagen.

### 8.3 Rationale for the proposed acquisition of Damstra

The Transaction aligns with the Ideagen Group's strategy to become a global leader in regulatory and compliance software. Ideagen views the Transaction as a significant opportunity to grow the Ideagen Group's business, having identified Damstra as an Australian market leader in workforce management software solutions.

Damstra's platform and capabilities are highly complementary to Ideagen's current operations and will support the Ideagen Group's expansion. The Transaction is an opportunity for Ideagen to leverage its existing capabilities and to further internationalise the Ideagen Group's business and broaden its current offering and customer base.

The Transaction offers Ideagen the opportunity to leverage and cross-sell synergies across the Ideagen Group and extend its geographical reach, especially in Australia and the Asia Pacific region. Ideagen seeks to improve Damstra's position in a highly competitive industry, and to allow for further investment for Damstra into technology, go-to-market activities and its people.

### 8.4 Funding the Scheme Consideration

#### (a) Maximum scheme consideration

If the Scheme becomes Effective, Scheme Shareholders will be entitled to receive the Scheme Consideration for each Scheme Share held by them on the Scheme Record Date. Based on the number of Damstra Shares on issue as at the date of this Scheme Booklet, the maximum aggregate amount of cash payable on implementation of the Scheme by Ideagen to Scheme Shareholders as consideration will be \$69,074,575.60. Ideagen and Ideagen BidCo have executed a Deed Poll dated 6 March 2024 in favour of the Scheme Shareholders under which, among other things, each of Ideagen and Ideagen BidCo undertakes in favour of each Scheme Shareholder to deposit, or procure the deposit, into an Australian dollar denominated trust account operated by Damstra as trustee for the Scheme Shareholders, by no later than the Business Day before the Scheme Implementation Date, an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders.

#### (b) Funding arrangements

The Scheme Consideration and other amounts associated with the Scheme (including the amounts required to repay certain third party debt commitments of Damstra) (**Maximum Funding Requirement**) are proposed to be funded by Ideagen using a combination of existing committed debt facilities available to Ideagen and cash reserves available to Ideagen (**Available Cash**). As at the Last Practicable Trading Date, Ideagen's Available Cash was approximately \$465 million<sup>12</sup>.

Pursuant to an executed agreement, Ideagen has agreed to provide Ideagen HoldCo, and Ideagen HoldCo has in turn agreed to provide Ideagen BidCo, with all amounts Ideagen BidCo requires to satisfy the Maximum Funding Requirement. These amounts will be provided under a subscription agreement to be entered into between Ideagen and Ideagen HoldCo and a subscription agreement to be entered into between Ideagen HoldCo and Ideagen BidCo. The obligations under the subscription agreements will be subject to the Scheme becoming Effective.

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<sup>12</sup> Assuming a conversion rate of £1 to AU\$1.94 – as at the Last Practicable Trading Date.

Foreign exchange exposure for Ideagen resulting from the Maximum Funding Requirement being denominated in Australian dollars and certain of the Available Cash being denominated in a currency other than Australian dollars has been hedged using deal-contingent foreign exchange forward transactions to ensure sufficient funding will be available in Australian dollars and to minimise currency exchange risk.

## **8.5 Intentions of Ideagen**

### **(a) Introduction**

This Section 8.5 sets out the current intentions of Ideagen in relation to:

- the continuation of the business of Damstra;
- any major changes to be made to the business of Damstra, including any redeployment of fixed assets of Damstra; and
- the future employment of the present management personnel and employees of Damstra, in circumstances where the Scheme is implemented.

Ideagen does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess all of the operational, commercial, tax and financial implications of its current intentions. Decisions regarding these matters will only be made in light of all material information and circumstances at the relevant time. Accordingly, the intentions of Ideagen as set out in this Section 8.5 are statements of current intention only, which may change as new information becomes available to Ideagen or as circumstances change. These intentions have been formed on the basis of facts and information concerning Damstra and the general business environment which are known to Ideagen as at the date of this Scheme Booklet.

### **(b) Removal from ASX**

Ideagen intends to procure that Damstra applies to the ASX to be removed from the official list of ASX with effect from implementation of the Scheme.

### **(c) Board of Directors**

If the Scheme is implemented, Ideagen intends to reconstitute the Damstra Board, and the board of directors of each entity within the Damstra Group, with its nominees. Final decisions regarding the composition of the Damstra Board, and the board of directors of each entity within the Damstra Group, will be made closer to the Scheme Implementation Date.

### **(d) Business, operations and assets**

Ideagen intends to support Damstra and its management team to pursue strategies based on furthering Damstra's position as a leading provider of workplace management solutions that reduce workplace risk and achieve better injury and safety outcomes for workers.

Following implementation of the Scheme, Ideagen intends to conduct a review of Damstra's operations covering strategic, financial and commercial operations to identify any areas where Damstra's operations can be enhanced or improved with the support and expertise of Ideagen.

Subject to the outcome of the review described above, and based on its current understanding of Damstra's business, Ideagen currently intends that:

- Damstra's business will be conducted in substantially the same manner in which it currently operates;
- no major changes will be made to Damstra's business; and
- there will be no redeployment of the fixed assets of Damstra.

(e) **Employees**

Ideagen considers Damstra's management personnel and employees to be an integral part of the success of the Damstra Group. Following implementation of the Scheme, Ideagen will review Damstra's operations and organisational structure to ensure that Damstra has the relevant mix and level of employees and skills that is appropriate for the business going forward and to enable the business to pursue growth opportunities.

## **8.6 Ideagen's and Ideagen Group's interest in Damstra Shares**

(a) **Interest in Damstra Shares**

As at the date of the Scheme Booklet, Ideagen has a Relevant Interest and Voting Power in 39,439,237 Damstra Shares representing 15.25% of the total Damstra Shares on issue. This Relevant Interest arises as a result of the entry into Call Option Deeds (in substantially similar form) with entities associated with significant Damstra shareholders, and Damstra Directors, Johannes Risseuw and Christian Damstra.

Each call option gives Ideagen the right, but not the obligation, to acquire the optioned shares at \$0.24 per Damstra Share (being the same price as the Scheme Consideration). The call options may be exercised by Ideagen if there is a public announcement of a competing proposal, or an intention to undertake or propose a competing proposal, to the Scheme after 25 January 2024 (being the date the Scheme Implementation Deed was entered into). The call options lapse if the Scheme is approved by the Damstra Shareholders at the Scheme Meeting, or if the call options are not exercised within 60 days of becoming exercisable or otherwise are not exercised before 11.59pm on 25 September 2024.

If Ideagen exercises the relevant call options, Ideagen will be precluded from voting these shares in favour of the Scheme.

(b) **Dealing in Damstra Shares**

Neither Ideagen nor any of its Associates has provided or agreed to provide any consideration for any Damstra Shares under any transaction, or agreement during the period of four months before the date of this Scheme Booklet, except for the Scheme Consideration which Ideagen has agreed to provide under the Scheme Implementation Deed, the Scheme, the Deed Poll and the Call Option Deeds noted in 8.6(a) above.

(c) **Benefits to holders of Damstra Shares**

During the four months before the date of this Scheme Booklet, neither Ideagen nor any of its Associates has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person or an Associate to:

- vote in favour of the Scheme; or
- dispose of Damstra Shares,

where the benefit was not offered to all Damstra Shareholders.

(d) **Benefits to Damstra officers**

Neither Ideagen nor any of its Associates will be making payment or giving any benefit to any current officers of Damstra as compensation or consideration for, or otherwise in connection with, their resignation, retirement or removal from their respective positions as officers of Damstra if the Scheme is implemented.

(e) **No other material information**

Except as set out in this Scheme Booklet, so far as the directors of Ideagen and Ideagen BidCo are aware, there is no other information regarding Ideagen, Ideagen BidCo, or their respective intentions regarding Damstra, that is material to the making of a decision by a Damstra Shareholder in relation to the Scheme, being information that is within the knowledge of any director of Ideagen or Ideagen BidCo, as at the date of this Scheme Booklet which has not been previously disclosed to Damstra Shareholders.

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## 9 Risks

### 9.1 Introduction

The Damstra Board considers that it is appropriate for Damstra Shareholders, in considering the Scheme, to be aware that there are a number of general risks, as well as risks specific to Damstra and/or the industries in which Damstra operates, which could materially adversely affect the future operating and financial performance of Damstra, as well as the value of Damstra and the potential for any future dividends to be declared and paid by Damstra.

This Section outlines:

- (a) general investment risks (refer to Section 9.2);
- (b) specific risks associated with your current investment in Damstra (refer to Section 9.3); and
- (c) specific risks relating to the Scheme (refer to Section 9.4).

This Section 9 (**Risks**) is a summary only. There may be additional risks and uncertainties not currently known to Damstra which may also have a material adverse effect on Damstra's financial and operational performance now or in the future.

If the Scheme becomes Effective, Damstra Shareholders will receive the Scheme Consideration, cease to be a Damstra Shareholder, and will also no longer be exposed to the risks set out below (and other risks to which Damstra may be exposed).

However, if the Scheme does not proceed, and no comparable proposal to the Scheme or Superior Proposal is received by the Damstra Board (or otherwise emerges) and ultimately consummated, Damstra will continue to operate as a standalone entity listed on the ASX and Damstra Shareholders will continue to hold their Damstra Shares and be exposed to risks and opportunities associated with that investment.

In making your decision on how to vote on the Scheme Resolution, you should read this Scheme Booklet carefully and in its entirety. You should carefully consider the risks outlined below and your individual circumstances. This Section 9 (**Risks**) is general in nature only and does not take into account your individual objectives, financial situation, taxation position or particular needs.

While the Damstra Board unanimously recommends that Damstra Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Damstra Shareholders, Damstra Shareholders are encouraged to make their own independent assessment as to whether to vote in favour of the Scheme.

### 9.2 General investment risks

Like many listed companies, Damstra is exposed to general risks that could materially adversely affect its assets and liabilities, its future operating and financial position, profits, prospects of Damstra, the potential to make distributions to Damstra Shareholders, and the price and/or value of Damstra Shares. General risks that may impact on Damstra or the market for Damstra Shares include:

- (a) changes in general business, industry cycles and economic conditions including inflation, interest rates, exchange rates, commodity prices and consumer demand and preferences;
- (b) regulatory risks and changes to government policy (including fiscal, monetary, taxation, employment and environmental policies), legislation or regulation (including accounting and reporting standards);

- (c) the nature of competition in the markets in which Damstra operates;
- (d) weather conditions, natural disasters or catastrophes, pandemics and other global health events generally, and other general operational and business risks;
- (e) variations in Damstra's operating results; and
- (f) the overall performance of the Australian and international stock markets, changes in investor sentiment, recommendations by securities analysts, the operating and trading price performance of other comparable listed entities or inclusion or removal from major market indices.

While there is a possibility of future benefits to Damstra Shareholders that arise from some of these risks, equally, some of these factors could affect Damstra's share price regardless of Damstra's underlying operating performance.

### 9.3 Risks associated with your current investment in Damstra Shares

There are a range of business-specific risks associated with your current investment in Damstra Shares, as set out below. You will only continue to be exposed to these risks if the Scheme does not proceed, in which case, in the absence of a comparable proposal to the Scheme or Superior Proposal which is ultimately consummated, Damstra will continue to operate as a standalone entity listed on the ASX. The risks set out in this Section 9.3 may materially adversely affect the operating or financial performance of Damstra and the investment returns or value of Damstra Shares. Some of these risks may be mitigated by appropriate controls, systems and other actions, but others will be outside the control of Damstra.

#### (a) **Macroeconomic risks**

The Damstra Group's financial performance can be impacted by current and future economic conditions which it cannot control, such as increases in interest rates, inflation, or geopolitical events, which could impact the level of activity in the construction and mining industries and the investment decisions of our customers. Any macroeconomic events impacting the industries the Damstra Group operates in could negatively impact its operating and financial performance.

#### (b) **Operational funding and debt facilities**

The Damstra Group's banking facility requires compliance with covenants and minimum repayment terms through to FY26. The Damstra Group has undertaken a restructure of its cost base and with revenue growth, the Group expects to be cashflow positive in FY24. Any adverse change in revenue from customers or material increases in costs required to run the business could impact the ability of the Damstra Group to generate free cashflow and could ultimately impact the Damstra Group's ability to meet these banking facility repayment obligations. This may adversely impact our business, operating and financial performance and returns to shareholders.

#### (c) **Privacy and Cybersecurity**

The use of information technology is critical to Damstra's ability to deliver its products and services to clients and the growth of Damstra's business. It is possible that the measures Damstra takes to prevent technology breaches may prove to be inadequate which may result in cyber-attacks, unauthorised access to data, financial theft and disruption to business-as-usual services. Any accidental or deliberate security breaches or other unauthorised access to Damstra's information technology systems or client data may result in reputational damage, a loss of confidence in the services Damstra provides, a disruption of services to clients, claims by clients, loss of clients, theft, misappropriation of funds, legal action and regulatory scrutiny. Damstra may also incur costs as a result of rectifying system vulnerabilities or introducing



additional safeguards to minimise the risk of future security breaches. Any of these events could adversely impact Damstra's reputation, business and financial performance.

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

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

To manage these risks, the Damstra Group has strong systems and controls in place and is audited annually to ensure management systems are in place and operating effectively, including in relation to the management of customer data. The Group holds current ISO 9001 (Quality Management System), ISO 27001 (IT Security Management Systems) and SOC 2 (Service Organisation Controls) compliance accreditation. In addition, the Damstra Group is dedicated to keeping its workforce appropriately trained and updated with privacy and data breach training and scenario testing initiatives. Throughout the financial year, the Damstra Group issued training to all staff in relation to privacy, cybersecurity and data breaches.

**(d) Competitive market and changes to market trends**

The Damstra Group operates in a competitive market. Innovation is constant and superior products may be released to the market that could result in pricing pressures on Damstra's product and result in unfavourable product positioning within the market. Damstra manage this risk by maintaining product development teams that are highly experienced and remain abreast of the latest technological advances and implications for Damstra's current and future products. Damstra also continues to invest in its brand which continues to be well regarded within Australia and internationally.

**(e) Lack of success of sales and marketing strategy**

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

**(f) Failure to effectively attract new or retain existing clients**

Damstra's business depends on Damstra's ability to retain existing clients, attract further business from existing clients and to gain new clients. There is a risk that Damstra's existing clients reduce their usage of Damstra's solution, for example, in terms of the number of licences, the number of sites on which Damstra's solution is present, and/or the number of

services or modules used. This would result in a reduction in the level of payments they make to Damstra. While many of Damstra's clients are on fixed-term contracts, there is a risk that these contracts are not renewed or are terminated, which may result in a decrease in Damstra's revenue. There is also a risk that new clients fail to select Damstra's solution for their business.

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

**(g) Reliance on uptake of SaaS-based workforce management software solutions**

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

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

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

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

**(i) Disruption or failure of technology systems and software**

Both Damstra and its clients are dependent on the performance, reliability and availability of Damstra's technology platforms, data centres and global communications systems (including servers, the internet, hosting services and the cloud environment in which the Damstra Group provides its products). There is a risk that these technology platforms, data centres and/or systems may be adversely affected by disruption, failure, service outages or data corruption that could occur as a result of computer viruses, "bugs" or "worms", malware, internal or external misuse by websites, cyber-attacks or other disruptions including natural disasters, power outages or other similar events. These events may be caused by events outside of Damstra's

control, and may lead to prolonged disruption to Damstra's platform, or operational or business delays and damage to Damstra's reputation. This could potentially lead to a loss of clients, legal claims by clients, and an inability to attract new clients, any of which could have a materially adverse impact on Damstra's business, operations and financial performance.

**(j) Failure to realise benefits from research and development**

The Damstra Group has invested significantly in research and development over the last 20+ years, and Damstra expects to continue to do so in the future in order to further expand and improve Damstra's solution and to maintain Damstra's competitive position.

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

**(k) Reliance on third party information technology suppliers**

Damstra relies on certain contracts with third party suppliers, to maintain and support Damstra's information technology infrastructure, particularly related to Damstra's cloud services. In particular, the Damstra Group relies on third party suppliers for the provision of database and software infrastructure. Any failure or disruption to the services provided from or termination of contracts for any reason with third party service providers could negatively impact Damstra's operating and financial performance. It could also expose the Damstra Group to claims for loss and damage from Damstra's clients that may exceed the amounts that the Damstra Group is entitled to recover from the third party service providers.

**(l) Platform capacity**

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

**(m) Failure to protect our intellectual property rights**

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

**(n) Breach of third party intellectual rights**

There is a risk that third parties may allege that Damstra's products use intellectual property derived by them or from their products without their consent or permission. The Damstra Group may be the subject of claims which could lead to disputes or litigation, which could result in the

payment of monetary damages, cause delays and increase costs, which in turn could have an adverse impact on Damstra's operations, reputation and financial performance.

(o) **Compliance with laws and regulations**

Damstra's business is subject to a range of laws and regulations, including in relation to privacy and data protection as well as other matters. Many of these laws and regulations are constantly evolving and are subject to change and uncertain interpretation. In addition, new laws and regulations may be implemented in the future that could impact Damstra's business. While the Damstra Group is increasingly focusing attention on the development of internal compliance with legal and regulatory requirements, these processes may not ensure compliance with all relevant laws and regulations across all the jurisdictions in which the Damstra Group operates. It is also possible that Damstra's developing compliance structures may not yet be or become sufficient to enable Damstra's business to address the changing regulatory environment and any changing expectations from government regulators. Any past, current or future violations of applicable laws and regulations (whether in or outside of Australia) may have a material adverse effect on Damstra's reputation, financial performance and business operations. There is also a risk that changes to the legal and regulatory environment which affects Damstra's business may require the Damstra Group to incur additional costs in order to comply with those laws and regulations.

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

Damstra has recently completed strategic acquisitions of both Vault Intelligence Proprietary Limited ACN 145 040 857 and TIKS Solutions Pty Ltd ACN 150 418 983 and may seek to undertake further acquisitions in the future. While Damstra will attempt to undertake all reasonable and appropriate due diligence in respect of any acquisition opportunities, there is a risk that Damstra's due diligence and analysis may be incomplete or inaccurate, warranties or indemnities cannot be obtained, or that the benefits and synergies Damstra anticipates from such acquisitions may not be realised due to a variety of factors. While Damstra will endeavour to obtain customary warranties, indemnities and other contractual protections in relevant transaction documentation, there is a risk that potential issues are subsequently uncovered and that these risks cannot be fully mitigated by such contractual protections. If an unforeseen liability arises in respect of which the Damstra Group is not able to rely on contractual protections, this may adversely affect Damstra's financial and operating performance. Damstra intends to integrate strategic acquisitions, which includes the process of transitioning clients of the acquired business onto Damstra's solution. There is a risk that clients of acquired businesses do not successfully transition onto Damstra's solution (which may be due to their unwillingness to pay a higher price for Damstra's services), or do not believe there is an operational need to make the change. There is also a risk that the transition process requires significantly more financial and management resources, or time to complete, than originally planned.

Future expansion by acquisition may be affected by factors beyond Damstra's control, which may result in there being limited or unsuitable acquisition opportunities at the relevant time. There can be no assurance that suitable future acquisition opportunities will arise, or if they do arise, that they will be able to be made on acceptable terms. In addition, there is a risk that the acquisitions may fail to meet Damstra's strategic and financial objectives, generate the synergies and benefits that the Damstra Group expected, or provide an adequate return on the purchase price and resources invested in such acquisitions. This may occur due to a variety of factors, including poor market conditions, poor integration of personnel, personnel losses, client losses, impact of technology or other integration barriers.

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

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

Damstra's business is influenced and affected by global laws and government policy. There is a risk that the Damstra Group may fail to keep abreast of these potential changes, which could have an adverse impact on Damstra's business and operations. In particular, global laws and regulations regarding data privacy and internet regulation are continuing to evolve. Any past, current or future violations of applicable laws and regulations may have a material adverse effect on Damstra's reputation, financial performance and business operations. Any new or altered laws or regulations which affect Damstra's business could require the Damstra Group to increase spending and employee resources on regulatory compliance and/or change Damstra's business practices, which could adversely affect Damstra's operations and profitability. Further, there is a risk that clients reduce their usage of Damstra's products, or the Damstra Group fails to attract new clients, if Damstra fails to build into its product appropriate coverage of existing compliance or regulatory requirements sought by Damstra's clients which it does not currently cover or features or innovation which adequately address changes and developments in compliance and regulatory requirements.

(r) **Inability to attract or retain key personnel**

Damstra's success depends on the ongoing retention of key personnel. In addition, there is a risk that the Damstra Group may not be able to attract and retain key personnel or be able to find effective replacements for those key personnel in a timely manner or have a well-defined succession plan in place. The loss of such personnel, or any delay in their replacement, could have a materially adverse impact on management's ability to operate the business and achieve the Damstra Group's growth strategies and prospects, including through the development and commercialisation of new solutions or modules. The loss of key personnel could also have an adverse impact on the Damstra Group's operations, the potential loss of key client relationships, potential loss of business process knowledge and financial performance.

(s) **Exposure to market risks**

(i) **Foreign currency risk**

The Damstra Group is growing its operations in the United States of America with revenues in USD now material to its operations. As the Damstra Group's Subsidiary Damstra Technology LLC (ID 20171120518) operates a business in the United States with exposure to both revenue and expense currency movements, the Damstra Group may have a natural hedge against major currency fluctuations. Apart from USD, the Damstra Group is not exposed to any significant foreign currency risk, except for the translation of financial assets and liabilities of foreign subsidiaries into the presentation currency.

(ii) **Pricing risk**

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

(iii) **Interest rate risk**

The Damstra Group's main interest rate risk arises from its borrowings. Borrowings issued at variable rates expose the Damstra Group to interest rate risk. Borrowings issued at fixed rates



expose the Damstra Group to fair value risk. On or around 5 June 2023, the Damstra Group renegotiated its debt facility with interest rates now at the BBSW + 8.6% with a minimum rate of 11.75%. A 1% increase or decrease in the BBSW from the minimum rate of 11.75% on the \$15,000,000 balance will increase / decrease the annual interest payable by \$150,000.

(t) **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Damstra Group. The Damstra Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Damstra Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Damstra Group based on recent sales experience, historical collection rates and forward-looking information that is available. Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

(u) **Liquidity risk**

Vigilant liquidity risk management requires the Damstra Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The Damstra Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

(v) **Unknown risks**

Additional risks and uncertainties not currently known to Damstra may also have a material adverse effect on Damstra's financial and operational performance. The information set out in this Section 9 (**Risks**) does not purport to be, nor should it be construed as, an exhaustive overview of the risks which may affect Damstra.

## 9.4 Risks relating to the Scheme

(a) **Implications for Damstra and Damstra Shareholders if the Scheme is not implemented**

If the Scheme is not implemented, Scheme Shareholders will not receive the Scheme Consideration and, if no comparable proposal to the Scheme or Superior Proposal is received by the Damstra Board (or otherwise emerges) that is ultimately consummated, Damstra will continue to operate as a standalone ASX-listed entity. Unless Damstra Shareholders choose to sell their Damstra Shares on the ASX, Damstra Shareholders will continue to hold Damstra Shares and will be exposed to both risks (including those set out Section 9.2) and potential future benefits in retaining exposure to Damstra's business and assets. The Damstra Share price will also remain subject to market volatility and, if no comparable proposal to the Scheme or Superior Proposal is received by the Damstra Board (or otherwise emerges), the Damstra Share price may fall or trade at a price below the Scheme Consideration (including, potentially, to a price that is equal or close to the Damstra Share price on the Last Undisturbed Trading Date), at least in the immediate near-term, at least in the immediate near-term (see Section 4.2(g)).

If the Scheme is not implemented, the Damstra Directors intend that Damstra will continue its current strategic plans and operate on a standalone basis and will remain listed on the ASX. See Section 7.10 for further information on the strategy and intentions of Damstra if the Scheme does not proceed.

While it is not possible to predict the future performance of Damstra or the Damstra share price, in deciding whether or not to vote in favour of the Scheme, you should have regard to the prospects of Damstra on a standalone basis (that is, if the Scheme is not approved and implemented).

In addition, if the Scheme is not implemented:

- (i) the advantages of the Scheme described in Section 4.2 of this Scheme Booklet will not be realised and the relevant potential disadvantages and risks of the Scheme described in Sections 4.3 and 9.4(d) of this Scheme Booklet will not arise; and
- (ii) as described in Section 11.11, Damstra expects to pay an aggregate of approximately \$1.5 million (excluding GST) in transaction costs in connection with the Scheme, being costs that have already been incurred as at the date of this Scheme Booklet or are expected to be incurred even if the Scheme is not implemented (but excluding any Break Fee that may be payable by Damstra – see Section 11.9(b) for information on the circumstances in which a Break Fee may be payable by Damstra).

(b) **The Scheme Implementation Deed may be terminated by Damstra or Ideagen in certain circumstances and the Scheme is also subject to certain Conditions Precedent**

Each of Damstra and Ideagen has the right to terminate the Scheme Implementation Deed in certain circumstances, in which case the Scheme will not proceed. These termination rights are summarised in Section 11.9(c) of this Scheme Booklet.

The Scheme is also subject to certain Conditions Precedent that must be satisfied (or, if applicable, waived) for the Scheme to become Effective. These Conditions Precedent are summarised in Section 6.3. The failure of a Condition Precedent to be satisfied (or, if applicable, waived) may also give rise to a right for either Damstra or Ideagen to terminate the Scheme Implementation Deed.

As at the date of this Scheme Booklet, the Damstra Board is not aware of any circumstances which would cause any outstanding Condition Precedent not to be satisfied. Despite this, there is a possibility that one or more of the Conditions Precedent will not be satisfied (or, if applicable, waived) and that the Scheme will not proceed. There are a number of Conditions Precedent which are outside the control of Damstra, including, but not limited to, approval of the Scheme by the Requisite Majorities and the Court and the FIRB approval Condition Precedent. In this regard, there is also a risk that some or all of the aspects of the Damstra Shareholder or Court approval required for the Scheme to proceed, may be delayed.

If, for any reason, all of the Conditions Precedent are not satisfied (or, if applicable, waived) and the Scheme does not proceed, or otherwise if the Scheme Implementation Deed is terminated, the Damstra Share price will continue to be subject to market volatility and, if no comparable proposal to the Scheme or Superior Proposal is received by the Damstra Board (or otherwise emerges), may fall (see Section 4.2(g)).

(c) **Tax consequences for Scheme Shareholders**

If the Scheme becomes Effective, there will be tax consequences for Scheme Shareholders, which may include tax being payable. For further information regarding general Australian tax consequences of the Scheme for Scheme Shareholders, see to Section 10 (**Taxation implications for Scheme Shareholders**) of this Scheme Booklet. The taxation consequences of the Scheme for Scheme Shareholders may vary depending on the nature and characteristics of Scheme Shareholders and their specific circumstances. Accordingly, you should seek professional tax advice in relation to your circumstances.

(d) **Risks if the Scheme is implemented**

If the Scheme is implemented, you will no longer be a Damstra Shareholder and will forgo any future benefits that may result from being a Damstra Shareholder. In particular, if the Scheme is implemented, you will not be able to participate in the future financial and share price performance of Damstra, retain any exposure to Damstra's business or assets or have the opportunity to share in any value that could be generated by Damstra in the future. However, there is no guarantee as to Damstra's future performance, or its future share price and financial performance, as is the case with all investments in shares of ASX-listed companies. Damstra Shareholders may also consider that it would be difficult to identify or invest in alternative investments that have a similar investment profile to that of Damstra, or may incur transaction costs in undertaking any new investment.



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## 10 Taxation implications for Scheme Shareholders

### 10.1 Disclaimer

This tax summary provides information of a general nature only, outlining the Australian income tax, GST and duty implications for the Damstra Shareholders in respect of the Scheme.

The comments set out in this tax summary are only relevant to those Damstra Shareholders who are Australian residents and hold their Damstra Shares on capital account. The comments are not applicable for Damstra Shareholders who:

- are in the business of share trading, are dealing in securities or otherwise hold their Damstra Shares on revenue account or as trading stock;
- are subject to the taxation of financial arrangements rules in Division 230 of the ITAA 1997 in relation to gains and losses in respect of their Damstra Shares;
- are not residents of Australia for tax purposes;
- are dual residents (i.e., individuals or entities taken to be resident of Australia and another country for tax purposes) or are “temporary residents” as that term is defined in the ITAA 1997; or
- are financial institutions, insurance companies, partnerships, tax-exempt organisations, dealers in securities or shareholders who change their residency while holding shares, each of which may be subject to specific additional tax rules.

This tax summary is based on current Australian tax law and RSM Australia's understanding of how it will apply to Damstra and Damstra Shareholders based on established interpretations as at the date of this tax summary. Consequently, RSM Australia's view of the tax law, and its implications for Damstra and Damstra Shareholders, may differ from the view adopted by the ATO or which is subsequently upheld in any Court. In this regard, RSM Australia cannot guarantee that RSM Australia's interpretation of the law will not be challenged by the ATO in the event of a review or an audit. RSM Australia's tax summary does not take into account the implications of any proposed changes to the tax law or retrospective application of any tax law which has not received Royal Assent by the date of RSM Australia's tax summary. RSM Australia do not undertake to update this tax summary in the event of any future changes to the tax law.

The information provided in this tax summary is general in nature and does not constitute taxation advice and cannot be relied upon as such by Damstra Shareholders. This tax summary is not intended to be an authoritative or exhaustive statement of the tax legislation applicable to all Damstra Shareholders. As the tax consequences Damstra shareholders will depend on each Damstra Shareholder's own individual circumstances, all Damstra Shareholders are advised to seek independent professional advice regarding the tax consequences associated with the disposal of their Damstra Shares.

This tax summary has been prepared on the assumption that Damstra Shareholders will receive A\$0.24 cash per share and nothing else for disposal of their Damstra Shares under the Scheme.

This tax summary has not addressed the taxation consequences for Damstra Shareholders in relation to the payment of any dividends by Damstra to Damstra Shareholders nor in respect of the taxation implications associated with any rights issues by Damstra.

This tax summary is neither an endorsement of the Scheme nor a recommendation as to whether Damstra Shareholders should vote in favour or against the Scheme.

This tax summary does not constitute financial product advice as defined in the Corporations Act. This tax summary is confined to tax issues and is only one of the matters a shareholder needs to consider when making a decision about their investments. Damstra Shareholders should consider taking advice from a licensed advisor before making a decision about their investments. RSM is not required to hold an Australian Financial Services Licence under the Corporations Act in order to provide Damstra Shareholders with this tax summary.

RSM Australia consents to the inclusion of this tax summary in the Scheme Booklet. This consent has not been withdrawn at the date of this letter.

RSM Australia has not caused and take no responsibility for the publication of any part of the Scheme Booklet in which this summary appears, other than this Section 10 of the Scheme Booklet, and the question regarding taxation implications in the “Frequently Asked Questions” at Section 5 of the Scheme Booklet.

## **10.2 Taxation Implications**

### **(a) Background**

Details of the Scheme are set out in the Scheme Booklet and are therefore not repeated in detail here. This Section summarises, for convenience only, RSM Australia's understanding of the Scheme. Damstra Shareholders' rights depend on the Scheme Booklet in total and not on this Section.

Under the Scheme, if the Scheme becomes Effective, Ideagen will on the Scheme Implementation Date provide to each Damstra Shareholder the Scheme Consideration, being A\$0.24 in cash in respect of each Damstra Share acquired.

RSM Australia understands that Damstra Shareholders will not be eligible for indexation (i.e., all Damstra Shares were acquired, or were deemed to have been acquired, after 11:45am Australian Eastern Standard Time on 21 September 1999). However, RSM Australia has taken into account that Damstra Shareholders may be eligible to apply the CGT discount (refer Section “CGT discount” below for further details).

### **(b) CGT event**

Under the Scheme, Damstra Shareholders will transfer their Damstra Shares to Ideagen BidCo. This will result in a disposal of the Damstra Shares, which will trigger a CGT event A1 for Australian tax purposes. The CGT event will happen on the Scheme Implementation Date.

### **(c) Calculation of capital gain or loss**

Damstra Shareholders should make a capital gain from the disposal of their Damstra Shares if the capital proceeds received exceed the tax cost base of their Damstra shares.

Conversely, Damstra Shareholders should make a capital loss from the disposal of their Damstra Shares if the capital proceeds received are less than the reduced tax cost base of their Damstra Shares. A capital loss may be used to offset a capital gain made in the same income year or may be carried forward to offset a capital gain made in future income years. For Damstra Shareholders who are companies or trusts, utilisation of these capital losses in future income years are subject to the satisfaction of certain loss recoupment tests. Capital losses cannot reduce or offset other income or non-capital gains.

Any resulting net capital gain after the application of any available capital losses and any available CGT discount (refer Section “CGT discount” below) should be included in the Damstra Shareholder's assessable income and subject to Australian income tax at the applicable tax rate.

(d) **Capital proceeds**

The capital proceeds for tax purposes for the disposal of Damstra Shares will be the Scheme Consideration, which will be A\$0.24 per Damstra Share.

(e) **Tax Cost base and reduced tax cost base**

The tax cost base of a Damstra Shareholder's Damstra Share will generally include the amount of money paid, or the value of any property given, in respect of the acquisition of the shares plus certain non-deductible incidental costs (such as brokerage fees) relating to the acquisition, holding and disposal of the Damstra Shares.

For Damstra Shareholders who acquired their Damstra Shares from an employee share scheme, the cost base may have been determined by a prior taxing event under the employee share scheme rules. RSM Australia recommends that such Damstra Shareholders seek independent professional tax advice in this regard.

The reduced tax cost base of a Damstra Share would usually be determined in a similar manner, with some modifications. Certain items of expenditure are not included in the reduced cost base. At a high-level, this includes deductible expenditure and expenditure for which the taxpayer has received a non-assessable recoupment.

(f) **CGT discount**

If a Damstra Shareholder has held, or is taken to have held, their Damstra Shares for at least 12 months (for CGT discount purposes) at the time of the disposal of their Damstra Shares (i.e., the Scheme Implementation Date), the CGT discount may be applicable.

Where the CGT discount rules apply, the rules should enable a discount on the net capital gain (i.e., after application of current and prior year capital losses) arising from the disposal of Damstra Shares to be calculated as follows:

- 50% for individuals and trusts; and
- 33 1/3% for complying superannuation funds.

The CGT discount concession is not available to companies (including corporate beneficiaries of trusts).

The availability of the CGT discount to beneficiaries of trusts will depend on the tax profile of the beneficiaries.

It is recommended that Damstra Shareholders seek their own independent professional tax advice to determine whether the CGT discount can be applied.

(g) **GST**

Damstra Shareholders should not be liable for Australian GST in respect of the disposal of their Damstra Shares.

However, the ability of Damstra Shareholders to claim input tax credits or reduced input tax credits, associated with GST included in the cost of acquisitions (if any) related directly or indirectly to the disposal of shares, may be restricted.

This is a complex area of the GST Law and GST registered Damstra Shareholders should seek their own independent professional tax advice in this regard.

(h) **Stamp duty**

There should not be stamp duty (including landholder duty) payable by Damstra Shareholders on the disposal of their Damstra Shares.

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Yours sincerely

RSM Australia Pty Ltd

RSM AUSTRALIA PTY LTD

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## 11 Additional information

### 11.1 Relevant Interests of Damstra Directors in Damstra Shares

The table below lists the Relevant Interests of Damstra Directors in Damstra Shares as at the date of this Scheme Booklet.

Damstra Director	Position as at the date of this Scheme Booklet	Damstra Shares in which Damstra Director has a Relevant Interest
Mr Johannes Risseuw	Executive director and Chairman	19,417,992
Mr Christian Damstra	Executive director and CEO	20,037,772
Mr Drew Fairchild	Independent, Non-executive Director	5,072,563
Mr Morgan Hurwitz	Independent, Non-executive Director	5,080,957
Mr Simon Yencken	Non-executive Director	1,244,444
Ms Sara La Mela	Independent, Non-executive Director	60,000

Damstra Directors who hold Damstra Shares will be entitled to vote at the Scheme Meeting and receive the Scheme Consideration along with the other eligible Damstra Shareholders.

Each Damstra Director who holds Damstra Shares intends to vote, or cause to be voted, all Damstra Shares that he or she holds or Controls in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Damstra Shareholders.

### 11.2 Interests of Damstra Directors and Damstra senior management in Damstra Options and Damstra Conditional Rights

Set out below is a table which shows the Damstra Options and Damstra Conditional Rights held or Controlled by Damstra Directors and members of Damstra's senior management team. No other Damstra Director or member of Damstra's senior management team holds or Controls any Damstra Options or Damstra Conditional Rights.

Damstra Director or senior management team member	Position as at the date of this Scheme Booklet	OOM Options in which relevant person has an interest	ZEP Options in which relevant person has an interest	Damstra Conditional Rights in which person has a relevant interest
Mr Johannes Risseuw	Executive Director and Chairman	2,057,673	5,420,222	577,065
Mr Christian Damstra	Executive director and CEO	2,016,724	5,786,198	577,065
Mr Drew Fairchild	Independent, Non-executive Director	Nil	639,645	Nil
Mr Morgan Hurwitz	Independent, Non-executive Director	Nil	527,600	Nil
Mr Simon Yencken	Non-executive Director	Nil	506,312	Nil
Ms Sara La Mela	Independent, Non-executive Director	Nil	485,018	Nil
Paul Burrows	Chief Financial Officer and Company Secretary	Nil	1,912,484	428,054

The treatment of the Damstra Options and Damstra Conditional Rights held by the Damstra Directors and members of Damstra's senior management team identified in the table above in connection with the Scheme is described in Section 11.3 below.

### 11.3 Treatment of Damstra Options, Damstra Conditional Rights, Damstra Warrants and Damstra Cash Incentives in connection with the Scheme

#### (a) Treatment of Damstra Options

##### (i) Out of the money options

As at the date of this Scheme Booklet, Damstra has 5,387,903 options on issue with various exercise prices between \$1.5175 per share and \$3.2375 per share, which exceed the Scheme Consideration (each an **OOM Option**).

On or before the Scheme Record Date, each OOM Option will be cancelled for consideration payable in cash by Ideagen to the relevant holder equal to the value of those options using the Black-Scholes valuation methodology (as assessed by Damstra in consultation with Ideagen). The aggregate amount of consideration payable for cancellation of the OOM Options will be \$133,122.

Ideagen and Damstra intend to enter into agreements with each holder of OOM Options in relation to the treatment described above.

(ii) **Zero exercise price options**

As at the date of this Scheme Booklet, Damstra has 37,965,529 options on issue with an exercise price of nil (each a **ZEP Option**).

Of the ZEP Options on issue, up to:

- 25,935,977 will be cancelled for \$0.24 per ZEP Option (which Ideagen will pay in cash to each holder) (**Valued ZEP Options**); and
- 12,029,552<sup>13</sup> unvested ZEP Options will be cancelled for nil consideration.

in each case on or before the Scheme Record Date.

Ideagen and Damstra intend to enter into agreements with each holder of ZEP Options setting out the treatment of the ZEP Options described above.

The Valued ZEP Options include ZEP Options held by the Non-executive Directors pursuant to a salary sacrifice arrangement described in Section 11.7. The amount of the consideration paid to each Non-executive Director in respect of their Valued ZEP Options is set out in Section 11.7.

If any holder of vested ZEP Options exercises their ZEP Options before the Scheme Record Date, the resultant Damstra Shares will be dealt with in accordance with the Scheme and the number of Valued ZEP Options will be reduced by the number of vested ZEP Options that are so exercised.

(b) **Treatment of Damstra Conditional Rights**

As at the date of this Scheme Booklet, Damstra has granted Damstra Conditional Rights, being conditional future rights to certain employees to receive, or to receive the cash equivalent of, up to 10,100,331 ZEP Options (in aggregate), subject in each case to the Damstra Board's overriding discretion and Damstra's long and/or short term performance (as applicable, among other things). If the Scheme becomes Effective, the Damstra Board intends to exercise its overriding discretion to extinguish most Damstra Conditional Rights for nil consideration. The Damstra Board has determined to exercise its overriding discretion such that certain senior management team members of Damstra who are holders of 3,222,061 Damstra Conditional Rights in aggregate, will have these rights cancelled for aggregate consideration of an amount equal to \$773,295.

(c) **Treatment of Damstra Warrants**

Conditional on the Scheme becoming Effective, Damstra has agreed to repay the outstanding loan from PFG of \$15.0 million in addition to all other monetary obligations due to PFG including fees on the Scheme Implementation Date. An additional daily charge will apply to the repayment amount for the period between 22 April 2024 and the Scheme Implementation Date, currently expected to be 26 April 2024. The aggregate payout amount, expected to be \$19.0 million, will be paid by Ideagen to PFG on or around the Scheme Implementation Date.

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<sup>13</sup> Alternatively, the Damstra Board may make a determination in relation to certain unvested ZEP Options that they be forfeited and lapse in accordance with their terms on the basis that the performance conditions attached to those ZEP Options can never be met (such that the ZEP Options can never become vested).

Damstra and PFG have agreed to simultaneously terminate all Damstra Warrants between Damstra and PFG in exchange for cash settlement of \$1,678,318.86 (being the net exercise cost of the exercisable Damstra Warrants into 13,200,261 Damstra Shares assuming the Scheme Consideration of \$0.24 per Damstra Share) to be paid by Ideagen to PFG on the Scheme Implementation Date. The cancellation of the Damstra Warrants occurs automatically on receipt of payment by PFG. Further detail on the Damstra Warrants is set out in Section 7.5.

The total payoff amount, including the outstanding loan, fees and cash settlement owed to PFG is calculated to be \$19.0 million.

**(d) Treatment of Damstra Cash Incentives**

As noted in its Annual Report, Damstra maintains an LTI Plan and an STI Plan which includes a cash incentive program for its employees. The Damstra Board has exercised its discretion to determine that participants in the STI Plan will have their FY24 STI cash entitlements lapsed for nil consideration and most participants in the LTI Plan will be paid out 80% and 33% of their long term cash incentive entitlements for FY23 and FY24, respectively. The aggregate amount of the Damstra Cash Incentives to be paid out is \$882,246.

As disclosed in Damstra's Annual Report, Mr Johannes Risseeuw, the Executive Chairman of Damstra, owes an amount equal to approximately \$134,011 (**JR Loan**) to the Damstra Group pursuant to a loan advanced to Mr Risseeuw by Damstra. Ideagen, Damstra and Mr Risseeuw have agreed that the amount of the outstanding JR Loan will be set off against, and will reduce, the amount payable by Ideagen on or before the Scheme Implementation Date to Mr Risseeuw (or entities associated with him) in respect of his Damstra Cash Incentive entitlement.

**11.4 Marketable securities in Ideagen held by, or on behalf of, Damstra Directors**

As at the date of this Scheme Booklet, no marketable securities in Ideagen are held by, or on behalf of, any Damstra Directors.

**11.5 Interests of Damstra Directors in contracts of Ideagen**

As at the date of this Scheme Booklet, no Damstra Director has an interest in any contract entered into by Ideagen, other than the Scheme Implementation Deed and the Call Option Deeds. Further detail on the Call Option Deeds is set out in Section 8.6(a)

**11.6 Other interests of Damstra Directors**

**(a) Interests of Damstra Directors**

As at the date of this Scheme Booklet, no Damstra Director has any interest, whether as a director, member or creditor of Damstra or otherwise, which is material to the Scheme, other than:

- (i) in his or her capacity as a holder (or Controller) of Damstra Shares, Damstra Options, Damstra Conditional Rights, Damstra Cash Incentives or Damstra Warrants;
- (ii) in the case of Damstra's Executive Chairman, Mr Johannes Risseeuw and its Chief Executive Officer and Director, Mr Christian Damstra, as described in Section 11.6(b) below;
- (iii) in connection with the D&O Deeds and the D&O Run-off Policy, as described in Section 11.6(b) below; and/or
- (iv) as otherwise disclosed in this Scheme Booklet.



(b) **Treatment of Mr Johannes Risseeuw's and Mr Christian Damstra's interests in Damstra Options, Damstra Conditional Rights and Cash Incentives**

(i) **Mr Johannes Risseeuw (Executive Chairman of Damstra)**

Damstra's Executive Chairman, Mr Johannes Risseeuw, has been granted certain awards under Damstra's LTI Plan and STI Plan (as described in Section 7.4 and 11.2). The treatment of those entitlements in connection with the Scheme is set out below.

As at the date of this Scheme Booklet, Mr Johannes Risseeuw (Executive Chairman of Damstra) holds or controls 19,867,992 Damstra Shares (representing 7.68% of the Damstra Shares on issue).

Entities associated with Mr Johannes Risseeuw, Executive Chairman of Damstra, will receive a cash payment as consideration in respect of the cancellation or extinguishment (as applicable) of Damstra Options, Damstra Conditional Rights and Damstra Cash Incentives held by those entities, of an amount equal to \$1,144,756.

Further detail on the treatment of Damstra Options, Damstra Conditional Rights and Damstra Cash Incentives under the Scheme is set out in Section 11.3.

(ii) **Mr Christian Damstra (Chief Executive Officer and Director of Damstra)**

Damstra's Chief Executive Officer and Director, Mr Christian Damstra, has been granted certain awards under Damstra's long and short term incentive plans (as described in Section 7.4).

As at the date of this Scheme Booklet, Mr Christian Damstra (Chief Executive Officer and Director of Damstra) holds or controls 20,037,772 Damstra Shares (representing 7.75% of the Damstra Shares on issue).

Entities associated with Mr Christian Damstra, Chief Executive Officer and Director of Damstra, will receive a cash payment as consideration in respect of the cancellation or extinguishment (as applicable) of Damstra Options, Damstra Conditional Rights and Damstra Cash Incentives held by those entities, an amount equal to \$1,229,970.

Further detail on the treatment of Damstra Options, Damstra Conditional Rights and Damstra Cash Incentives under the Scheme is set out in Section 11.3.

(c) **D&O Deeds and D&O Run-off Policy**

Damstra has entered into deeds of indemnity, insurance and access with the Damstra Directors and certain executive officers on customary terms (**D&O Deeds**). Each D&O Deed includes terms that provide for the applicable Damstra Group Member(s) to indemnify the Damstra Director or executive officer (as applicable) against any liability incurred by that person in their capacity as a director or executive officer of the Damstra Group Member to any person other than a Damstra Group Member. Under the Scheme Implementation Deed, Ideagen must procure that the applicable Damstra Group Members comply with the D&O Deeds after implementation of the Scheme.

Damstra also pays premiums in respect of a directors' and officers' insurance policy for the benefit of the directors and executive officers of the Damstra Group (including the Damstra Directors). Under the Scheme Implementation Deed, Damstra may enter into arrangements to secure directors' and officers' run-off insurance for the persons referred

to above for a period of up to 7 years after the Scheme Implementation Date (**D&O Run-off Policy**). As at the date of this Scheme Booklet, Damstra expects that the premium for entry into D&O Run-off Policy will be approximately \$344,175.

### 11.7 Agreements or arrangements with Damstra Directors

Ideagen has advised Damstra that entities associated with significant Damstra shareholders, and Damstra Directors, Johannes Risseeuw and Christian Damstra have each separately entered into Call Option Deeds with Ideagen to grant Ideagen call options to acquire in aggregate a total of 15.25% of the issued Damstra shares on terms set out in agreements that were disclosed in a substantial holder notice released by Ideagen to the ASX on 30 January 2024 (**Call Option Deeds**). Further detail on the Call Option Deeds are set out in Section 8.6(a).

An amount equal to \$134,011 will be set off against the cash payment made to Mr Risseeuw's entities in respect of the extinguishment of his Damstra Cash Incentives, in full satisfaction of a loan made by Damstra to Mr Risseeuw.

As disclosed in the Annual Report, Damstra's non-executive Directors: Mr Drew Fairchild, Mr Morgan Hurwitz, Mr Simon Yencken and Ms Sara La Mela (**Non-executive Directors**) have each entered into an arrangement to salary sacrifice their board and committee fees in return for ZEP Options in the Company. As part of the Scheme, the ZEP Options held by the Non-Executive Directors that have accrued pursuant to the salary sacrifice arrangement will be cancelled for consideration as described in Section 11.3(a)(ii). The payments to each Non-Executive Director in respect of their Valued ZEP Options is as follows:

- Mr Drew Fairchild – \$153,515;
- Mr Morgan Hurwitz – \$126,624;
- Mr Simon Yencken – \$121,515; and
- Ms Sara La Mela – \$116,404.

Other than as described in Section 11.3 or this Section 11.7 of this Scheme Booklet, as at the date of this Scheme Booklet, there is no agreement or arrangement made between any Damstra Director and any other person, including any Ideagen Group Member, in connection with or conditional upon the outcome of the Scheme.

### 11.8 Payments and other benefits to directors, secretaries or executive officers of Damstra

As at the date of this Scheme Booklet, no payment or other benefit is proposed to be made or given to a director, secretary or executive officer of Damstra or any Damstra Group Member as compensation for loss of, or as consideration for or in connection with their retirement from, office in Damstra or any member of Damstra Group as a result of the Scheme.

### 11.9 Key terms of the Scheme Implementation Deed

On 25 January 2024, Damstra and Ideagen entered into the Scheme Implementation Deed, under which Damstra agreed to propose and implement the Scheme and Ideagen agreed to assist Damstra to propose and implement the Scheme.

A summary of the key terms of the Scheme Implementation Deed is set out below. A copy of the Scheme Implementation Deed was released to the ASX by Damstra on 29 January 2024 and is also available on Damstra's website [www.damstratechnology.com/investors](http://www.damstratechnology.com/investors).

Key Terms	Summary
Conditions	The Scheme Implementation Deed contains Conditions Precedent for the Scheme. The conditions are summarised in Section 6.3 set out in full in clause 3 of the Scheme Implementation Deed.
Obligations to implement the scheme	Each of Damstra and Ideagen must take all steps reasonably necessary to propose and implement the Scheme (in the case of Damstra) or to assist Damstra to propose and implement the Scheme (in the case of Ideagen) in accordance with the indicative timetable of the Scheme agreed between the parties in accordance with the Scheme Implementation Deed.
Exclusivity	The Scheme Implementation Deed contains certain exclusivity arrangements in favour of Ideagen. They are summarised in Section 11.9(a) and set out in full in clause 6 of the Scheme Implementation Deed.
Break fees	Under the Scheme Implementation Deed, the parties have agreed to certain break fee arrangements. They are summarised in Sections 11.9(b) and 11.9(c) and are set out in full in clause 7 of the Scheme Implementation Deed.
Warranties	Under the Scheme Implementation Deed, each of Damstra and Ideagen has given warranties to the other party. These warranties are set out in Schedule 2 to the Scheme Implementation Deed (in the case of Damstra) and in Schedule 3 to the Scheme Implementation Deed (in the case of Ideagen)
Termination rights	The rights of each Damstra and Ideagen to terminate the Scheme Implementation Deed is summarised in Section 11.9(d) and is set out in full in clause 10 of the Scheme Implementation Deed.
Other	The Scheme Implementation Deed contains a number of procedural related obligations and other market standard provisions including conduct of business that apply to Damstra between the date of signing and the Scheme Implementation Date (or at the date of valid termination of the Scheme Implementation Deed), access rights for Ideagen during this period and a process for Damstra and Ideagen engaging with employee retention and stakeholder engagement and treatment of Damstra Options, Damstra Warrants and Damstra Cash Incentives.

(a) **Exclusivity**

Damstra is subject to certain customary exclusivity obligations, including 'cease discussions', 'no-shop', 'no-talk', 'no due diligence' and notification obligations, and has granted matching rights in favour of Ideagen in respect of Competing Proposals. These provisions are set out in clause 6 of the Scheme Implementation Deed and are summarised below.

- (i) **('Cease discussions' restriction)** From the date of the Scheme Implementation Deed, Damstra confirmed it is not party to (and has otherwise ceased) any agreement, negotiations, discussions or communications with any person in relation to any actual, proposed or potential Competing Proposal;
- (ii) **('No-shop' restriction)** From the date of the Scheme Implementation Deed until the earlier of valid termination of the Scheme Implementation Deed, implementation of the Scheme or the End Date (**Exclusivity Period**), Damstra must not (and must ensure that each of its Representatives does not) directly or indirectly:

(A) solicit, invite or initiate any enquiries, expressions of interest, offers, proposals, negotiations, discussions or other communication by any Third Party:

- in relation to any actual, proposed or potential Competing Proposal;
- with a view to obtaining any actual, proposed or potential Competing Proposal; or
- that may be reasonably expected to encourage or lead to any actual, proposed or potential Competing Proposal,

or communicate to a Third Party any intention to do any such things.

- (iii) (**'No-talk' restriction**) During the Exclusivity Period, subject to the Fiduciary Exception, Damstra must not (and must ensure that each of its Representatives does not) directly or indirectly respond to, facilitate, or participate in any discussions that are or would reasonably be expected to encourage or lead to the making of, a Competing Proposal, or negotiate or enter into any agreement, arrangement or understanding regarding any actual or potential Competing Proposal, even if the relevant Competing Proposal was unsolicited (or communicate any intention to do any such things).
- (iv) (**'No-due diligence' restriction**) During the Exclusivity Period, subject to the Fiduciary Exception, Damstra must not (and must ensure that each of its Representatives does not) directly or indirectly solicit, invite, initiate, or encourage, or facilitate or permit, any due diligence investigations in connection with the Damstra Group, nor disclose any non-public information, that may relate to any actual or potential Competing Proposal (or communicate any intention to do such things);
- (v) (**Notification of approaches**) During the Exclusivity Period, Damstra must as soon as reasonably practicable (and in any event within 24 hours) notify Ideagen in writing if it or any of its Representatives becomes aware of any negotiations, discussions or other communications relating to an actual or potential Competing Proposal, any request for or provision of any non-public information whether direct or indirect, solicited or unsolicited, and in writing or otherwise.
- (vi) (**Fiduciary exception**) the 'no talk' and 'no due diligence' clauses do not apply to restrict Damstra or the Damstra Board from taking or not taking any action with respect to a bona fide, unsolicited, written actual Competing Proposal, provided that the Damstra Board has determined (after consulting with its financial and legal Advisers) that the Competing Proposal is, or would reasonably be expected to lead to, a Superior Proposal; or after receiving written advice from Damstra's reputable external Australian legal advisers specialising in the area of corporate law, that complying with the 'no talk' or 'no due diligence' restrictions (as applicable) would, or would be reasonably likely to, be a breach of any of the fiduciary or statutory duties of any member of the Damstra Board (**Fiduciary Exception**).
- (vii) (**Matching right**) Without limiting the 'cease discussions', 'no shop', 'no talk', 'no due diligence' restrictions and 'notification of approaches' provision, during the Exclusivity Period, Damstra must:

- (A) ensure that no Damstra Director adversely changes their Recommendation that Damstra Shareholders vote in favour of the resolution to approve the Scheme, or publicly recommends or supports any actual or potential Competing Proposal, and
- (B) not enter into any legally binding agreement or understanding (whether or not in writing) for the implementation of any actual or potential Competing Proposal,

unless:

- (C) the Damstra Board has made the Superior Proposal determination contemplated under the Fiduciary Exception;
- (D) Damstra has provided Ideagen with the notice stating that it is given for the purposes of this 'matching right' and setting out all material terms and conditions of the Competing Proposal known by Damstra and its Representatives;
- (E) Damstra has given Ideagen at least 5 Business Days after the date of the provision of the information referred to above to announce a matching or superior proposal or other counter-proposal to the terms of the Competing Proposal (**Bidder Counterproposal**); and
- (F) within 5 Business Days of receiving notice from Damstra, Ideagen does not make a Bidder Counterproposal that the Damstra Board determines, acting in good faith, would produce an equivalent or superior outcome for Damstra Shareholders (as a whole) as compared to the Competing Proposal.

Damstra acknowledges and agrees that each new Competing Proposal or successive material modification of a Competing Proposal will constitute a new Competing Proposal for the purposes of the 'matching right'.

If Ideagen makes a Bidder Counterproposal within the permitted time, the Damstra Board must determine if the Bidder Counterproposal would provide an equivalent or superior outcome for Damstra Shareholders as a whole compared with the Competing Proposal. The Damstra Board must then promptly, and in any event within 3 Business Days, advise Ideagen of the determination in writing, stating reasons for that determination. If the Damstra Board determined that the Bidder Counterproposal is equivalent or superior to the Competing Proposal, then Damstra and Ideagen must use all reasonable endeavours to promptly agree the transaction documentation required to implement the Bidder Counterproposal and the Damstra Directors must recommend the Bidder Counterproposal to Damstra Shareholders and not recommend the applicable Competing Proposal.

A statement by Damstra, the Damstra Board or any Damstra Director that:

- (A) the Damstra Board has determined that a Competing Proposal is or may be a Superior Proposal and has commenced the matching right process; or
- (B) Damstra Shareholders should take no action pending the completion of the matching right process,

does not of itself:

- (C) constitute an adverse change to the recommendation of the Scheme and/or the Recommendation or voting intention or is otherwise a recommendation or endorsement of a Competing Proposal;
- (D) contravene the Scheme Implementation Deed;
- (E) give rise to an obligation to pay the Break Fee; or
- (F) give Ideagen a termination right,

provided that in each case, that the Damstra Board publicly re-affirms its Recommendation in favour of the Transaction when making any such statement.

(b) **Break Fee**

Damstra must pay a break fee of \$690,000 (exclusive of GST) (the **Break Fee**) to Ideagen if:

- (i) during the Exclusivity Period, any Damstra Director:
  - (A) fails to recommend the Scheme;
  - (B) adversely changes their Recommendation that Damstra Shareholders vote in favour of the resolution to approve the Scheme or otherwise makes a public statement indicating that they no longer support the Scheme;
  - (C) fails to vote, or procure the voting of, any Damstra Shares in which they have a Relevant Interest at the time of the Scheme Meeting in favour of the Scheme at the Scheme Meeting; or
  - (D) supports a Competing Proposal,

in each case provided that Ideagen has terminated the Scheme Implementation Deed and except where:

- (E) the Independent Expert does not conclude that the Scheme is in the best interests of Damstra Shareholders (except if such conclusion is the result of a Competing Proposal);
  - (F) a court, ASIC or the Takeovers Panel requires that a majority of the Damstra Directors abstain or withdraw from making a recommendation in relation to the Scheme; or
  - (G) prior to termination by Ideagen, Damstra was entitled to terminate the Scheme Implementation Deed because of a material breach of the Scheme Implementation Deed by Ideagen and has given the appropriate termination notice to Ideagen.
- (ii) Ideagen validly terminates the Scheme Implementation Deed because of a material breach of the Scheme Implementation Deed by Damstra;
- (iii) a Competing Proposal of any kind is publicly announced (whether or not such proposal is stated to be subject to any pre-conditions) whether before,

on or after the date of this deed, and, within 12 months after such announcement, a Third Party (either alone or together with any Associates):

- (A) completes, or completes substantially in the terms described in the public announcement, a Competing Proposal; or
- (B) otherwise acquires (directly or indirectly) an interest in 50% or more of the Damstra Shares, or 50% or more of the business or assets of the Damstra Group (by value).

(c) **Reverse Break Fee**

Ideagen must pay a reverse break fee of \$690,000 (exclusive of GST) (the **Reverse Break Fee**) to Damstra if:

- (i) the Scheme becomes Effective but Ideagen does not pay the Scheme Consideration in accordance with its obligations under the Scheme Implementation Deed, the Scheme and the Deed Poll and Ideagen does not remedy such breach within 2 Business Days (or such other later date as agreed by the parties) of written notice from Damstra; or
- (ii) Damstra validly terminates the Scheme Implementation Deed because of a material breach by Ideagen.

(d) **Termination rights**

Damstra and Ideagen are entitled to terminate the Scheme Implementation Deed in certain circumstances, as summarised below (and set out in full in clause 10 of the Scheme Implementation Deed):

(i) **Termination by either Damstra or Ideagen**

- (A) failure of a Condition;
- (B) if the Effective Date for the Scheme has not occurred on or before the End Date; or
- (C) any time before 8:00am on the Second Court Date if Ideagen (where Damstra is the terminating party) or Damstra (where Ideagen is the terminating party) commits a material breach of the Scheme Implementation Deed (including the Warranties).

(ii) **Termination by Ideagen**

Ideagen may, by giving written notice to Damstra, terminate the Scheme Implementation Deed at any time before 8:00am on the Second Court Date, if any Damstra Director:

- (A) fails to recommend the Scheme;
- (B) adversely changes their Recommendation that Damstra Shareholders vote in favour of the resolution to approve the Scheme;
- (C) makes a public statement to the effect that they longer support the Scheme or recommend the Transaction; or
- (D) supports a Competing Proposal.



(iii) **Termination by Damstra**

Damstra may, by giving written notice to Ideagen, terminate the Scheme Implementation Deed at any time before 8:00am on the Second Court Date, if a Superior Proposal emerges and a majority of Damstra Directors have adversely changed their Recommendation that Damstra Shareholders vote in favour of the resolution to approve the Scheme, provided that, if required to, Damstra has paid the Break Fee.

**11.10 Status of the FIRB approval Condition Precedent**

It is a Condition Precedent to the Scheme becoming Effective that Ideagen has received written notice by or on behalf of the Treasurer advising that the Commonwealth Government has no objections to the Scheme (or the Treasurer ceases to become entitled to make an order prohibiting the implementation of the Scheme under the FATA).

As at the date of this Scheme Booklet, the Treasurer has not yet provided notice that the Commonwealth Government has no objection to the Scheme under the FATA and the FIRB approval Condition Precedent remains outstanding.

While, as at the date of this Scheme Booklet, Damstra is not aware of any circumstances which would cause the FIRB approval Condition Precedent to not be satisfied, it is possible that the requirement for FIRB approval for the Scheme to proceed may be delayed and that this may result in a delay to the date of the Scheme Meeting and/or implementation of the Scheme.

**11.11 Transaction costs**

Each of the persons named in Section 11.13(a) below as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet will be entitled to receive professional fees for those professional, advisory or other services (as applicable). If the Scheme is implemented, Damstra expects to pay an aggregate of approximately \$5.5 million (excluding GST) in transaction costs in connection with the Scheme, which includes:

- (a) fees and expenses for professional services paid or payable to:
  - (i) Jefferies for acting as financial adviser to Damstra;
  - (ii) Gilbert + Tobin for acting as legal adviser to Damstra;
  - (iii) RSM Australia for acting as taxation adviser to Damstra;
  - (iv) Automic for acting as the Damstra Share Registry; and
  - (v) Grant Thornton for acting as Independent Expert; and
- (b) other fees and expenses associated with the Court proceedings, Scheme Booklet design, printing and distribution, convening and holding the Scheme Meeting and other general and administrative expenses relating to the Scheme.

If the Scheme is not implemented, Damstra expects to pay an aggregate of approximately \$1.5 million (excluding GST) in transaction costs in connection with the Scheme, being costs that have already been incurred as at the date of this Scheme Booklet or are expected to be incurred even if the Scheme is not implemented (but excluding any Break Fee that may be payable by Damstra – see Section 11.9(b) for information on the circumstances in which a Break Fee may be payable by Damstra).



## 11.12 Regulatory relief, confirmations and waivers

### (a) ASX waivers

ASX has granted Damstra a waiver from ASX Listing Rule 6.23.2 to the extent necessary to permit Damstra to cancel any outstanding issued Damstra Options for consideration without Damstra Shareholder approval, conditional on the Scheme becoming Effective.

Further detail in relation to the proposed treatment of the outstanding Damstra Options is contained in Section 11.3(a).

### (b) ASIC relief

Regulation 5.1.01 of the Corporations Regulations requires that, unless ASIC allows otherwise, this Scheme Booklet must contain all matters set out in Part 3 of Schedule 8 of the Corporations Regulations. As some of these requirements are not applicable or appropriate in respect of the Scheme, ASIC has allowed the following variations in this Scheme Booklet.

Clause 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires this Scheme Booklet to set out whether, within the knowledge of the Damstra Directors, the financial position of Damstra has materially changed since the date of the last balance sheet laid before Damstra in general meeting (being its financial statements for the financial year ended 30 June 2023) or sent to Damstra Shareholders in accordance with section 314 or 317 of the Corporations Act, and, if so, full particulars of any change.

ASIC has granted Damstra relief from this requirement so that this Scheme Booklet only needs to set out whether, within the knowledge of the Damstra Directors, the financial position of Damstra has materially changed since 31 December 2023 (being the balance date of the half-year financial results and accounts lodged with ASX) and the date of this Scheme Booklet, on the basis that:

- (i) the Company has complied with Part 2M.3 of the Corporations Act in respect of the financial half-year ended 31 December 2023;
- (ii) the Scheme Booklet sets out whether, within the knowledge of the directors of the Company as at the date of the explanatory statement, the financial position of the Company has materially changed since 31 December 2024, and if so, full particulars of any change;
- (iii) the Company released its reviewed financial statements in respect of the financial half-year ended 31 December 2024 to ASX on 23 February 2024;
- (iv) the Company discloses in announcements to the market operated by ASX Limited ACN 008 624 691 any material changes to its financial position that occur after the date of lodgement of the Scheme Booklet for registration with ASIC but prior to the Scheme being approved by the Court;
- (v) the Scheme Booklet states that the Company will give a copy of the financial report for the financial half-year ended 31 December 2024 free of charge to any shareholder of the Company who requests a copy before the Scheme to which the Scheme Booklet relates is approved by order of the Court; and
- (vi) the Scheme Booklet sent to members is substantially in the form given to ASIC on 7 March 2024.

### 11.13 Consents provided in relation to information in this Scheme Booklet

#### (a) Consents

The following parties have given, and have not withdrawn before the time of registration of this Scheme Booklet by ASIC, their written consent to be named in this Scheme Booklet in the form and context in which they are named:

- (i) Jefferies as financial adviser to Damstra;
- (ii) Gilbert + Tobin as legal adviser to Damstra;
- (iii) RSM Australia as taxation adviser to Damstra;
- (iv) Grant Thornton as Independent Expert; and
- (v) Automic as the Damstra Share Registry.

The Independent Expert has also given, and has not withdrawn before the time of registration of this Scheme Booklet by ASIC, its written consent to the inclusion of its Independent Expert's Report in this Scheme Booklet in the form and context in which it is included and to all references in this Scheme Booklet to the Independent Expert's Report in the form and context in which they appear.

Ideagen and Ideagen BidCo has given and has not withdrawn its consent to be named in this Scheme Booklet and Ideagen and Ideagen BidCo have given and have not withdrawn their consent to the inclusion of the Ideagen Group Information in this Scheme Booklet in the form and context in which that information is included.

#### (b) Disclaimers

- (i) No person referred to in Section 11.13(a) above:
  - (A) has authorised or caused the issue of this Scheme Booklet;
  - (B) makes, or purports to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than:
    - (1) Ideagen in respect of the Ideagen Group Information (on the basis stated in the "Responsibility for information in this Scheme Booklet" subsection of the "Important notices" Section at the beginning of this Scheme Booklet);
    - (2) RSM Australia in respect of Section 10 (**Taxation implications for Scheme Shareholders**) (on the basis stated in the "Responsibility for information in this Scheme Booklet" subsection of the "Important notices" Section at the beginning of this Scheme Booklet);
    - (3) Grant Thornton in relation to the Independent Expert's Report (on the basis stated in the "Responsibility for information in this Scheme Booklet" subsection of the "Important notices" Section at the beginning of this Scheme Booklet); and

- (4) any other statement to the extent the person has provided its consent to the inclusion of that statement in this Scheme Booklet, as referred to in Section 11.13(a) above.
- (ii) To the maximum extent permitted by law, each person referred to in Section 11.13(a) above expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet, other than as described in this Section 11.13(b)(i)(B) above.

#### **11.14 No “unacceptable circumstances”**

The Damstra Directors believe that the Scheme does not involve any circumstances in relation to the affairs of Damstra that could reasonably be characterised as constituting ‘unacceptable circumstances’ for the purposes of section 657A of the Corporations Act.

#### **11.15 Electronic copy of this Scheme Booklet**

An electronic version of this Scheme Booklet is available for viewing and downloading online at Damstra’s website at <http://www.damstratechnology.com>.

#### **11.16 No other material information**

Except as disclosed elsewhere in this Scheme Booklet, so far as the Damstra Directors are aware, there is no other information that is:

- (a) material to the making of a decision by Damstra Shareholders whether or not to vote in favour of the Scheme Resolution at the Scheme Meeting; and
- (b) known to a Damstra Director as at the date of this Scheme Booklet,

which has not previously been disclosed to Damstra Shareholders.

#### **11.17 Supplementary disclosure**

Damstra will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date this Scheme Booklet and the Second Court Hearing:

- a material statement in this Scheme Booklet is false or misleading in any material respect;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter in this Scheme Booklet; or
- a significant new matter has arisen, and it would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Damstra may circulate and publish any such supplementary document to this Scheme Booklet by:

- making an announcement to the ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;

- issuing a supplementary document to this Scheme Booklet to Damstra Shareholders; or
- posting a statement on Damstra's website at [www.damstratechnology.com](http://www.damstratechnology.com),

as Damstra, in its absolute discretion, considers appropriate.

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## 12 Glossary

In this Scheme Booklet unless the context otherwise requires:

**\$** means Australian dollars unless otherwise stated.

**Adviser** means a financier (whether debt or equity, or an existing or prospective financier), financial adviser, corporate adviser, accounting adviser, auditor, legal adviser (including any legal adviser to a debt financier), technical adviser, management consultant, warranty insurer or other adviser, consultant or expert engaged in connection with the Transaction.

**Affiliate** means, in respect of a person (the primary person), a person:

- (a) Controlled directly or indirectly by the primary person;
- (b) Controlling directly or indirectly the primary person; or
- (c) who is Controlled, directly or indirectly, by a person or persons who Control the primary person,

where Control means, with respect to any person (other than an individual) the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person whether through the ownership of voting securities, by agreement or otherwise, and for the avoidance of doubt, a general partner is deemed to Control a limited partnership of which it is the general partner and, solely for the purposes of this deed, a fund advised or managed directly or indirectly by a person will also be deemed to be Controlled by such person. For the avoidance of doubt, an Affiliate of a person will include (but not be limited to) a Related Body Corporate of that person.

**Annual Report** means the annual report of Damstra for the financial year ended 30 June 2023 and released on ASX on 24 August 2023.

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the meaning given to that term in section 12 of the Corporations Act.

**ASX** means ASX Limited (ABN 98 008 624 691) or, where the context requires, the financial market operated by it known as the "Australian Securities Exchange".

**ASX Listing Rules** means the official listing rules of ASX from time to time, as modified by any express written waiver or exemption given by ASX.

**ASX Operating Rules** means the market operating rules of ASX, as modified by any express written waiver or exemption given by ASX.

**ASX Settlement** means ASX Settlement Pty Ltd (ACN 008 504 532).

**ATO** means the Australian Taxation Office.

**Automic** means Automic Pty Ltd (ACN 152 260 814).

**Available Cash** has the meaning given to that term in Section 8.4(b).

**Bidder Counterproposal** has the meaning given to that term in Section 11.9(a)(vii)(E).

**Break Fee** has the meaning given to that term in the Scheme Implementation Deed.

**Business Day** has the meaning given in the ASX Listing Rules.

**Call Option Deeds** means the call option deeds entered into by Ideagen and entities associated with significant Damstra shareholders, and Damstra Directors, Johannes Risseuw and Christian Damstra, on 25 January 2024, as disclosed to ASX in Ideagen's Form 603 'Becoming a substantial holder' on 30 January 2024.

**CGT** means Capital Gains Tax.

**CHESS** means the Clearing House Electronic Subregister System, which provides for electronic share transfers in Australia and is operated by ASX Settlement.

**Competing Proposal** has the meaning given to that term in the Scheme Implementation Deed.

**Conditions Precedent** means the conditions precedent to the Scheme becoming Effective, as summarised in Section 6.3 and set out in full in clause 3.1 of the Scheme Implementation Deed.

**Control** has the meaning given to that term in section 50AA of the Corporations Act and **Controlled** has the corresponding meaning.

**Corporations Act** means the *Corporations Act 2001* (Cth), as amended from time to time.

**Court** means the Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act as agreed in writing by Damstra and Ideagen.

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

**Damstra Board** means the board of directors of Damstra.

**Damstra Cash Incentives** means any actual or potential rights (including any rights that are contingent or conditional) to receive or be paid any cash or other payment or amount under, or pursuant to, any employee incentive or bonus arrangements from time to time of the Damstra Group (including, without limitation, in respect of any short term incentive or long term incentive plan or arrangement).

**Damstra Conditional Rights** means has the meaning given to that term in Section 11.3(b).

**Damstra Director** or **your director** means a member of the Damstra Board as at the date of this Scheme Booklet

**Damstra Equity Incentives** means any actual or potential rights (including any rights that are contingent or conditional) to acquire or be issued with a Damstra Share (or any other securities in Damstra, including future grants of equity incentives, securities, options and/or other incentives) under, or pursuant to, any employee incentive arrangements from time to time of the Damstra Group (including, with limitation, the Equity Incentive Plan).

**Damstra Group** means, collectively, Damstra and each of its Subsidiaries (and **Damstra Group Company** or **Damstra Group Member** means any one of them).

**Damstra Options** means the options to acquire Damstra Shares issued under the Damstra Equity Incentive Plan as set out in Schedule 5 of the Scheme Implementation Deed.

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

**Damstra Shareholder** means a person who is registered in the Damstra Share Register as a holder of one or more Damstra Shares from time to time.

**Damstra Shareholder Information Line** means the information line that Damstra Shareholders can call if they have any questions or require further information about this Scheme Booklet or the Scheme – the telephone number is 1300 101 594 (within Australia) and +61 2 8072 1412 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time).

**Damstra Share Register** means the register of members of Damstra maintained by or on behalf of Damstra in accordance with section 168(1) of the Corporations Act.

**Damstra Share Registry** means Automic in its capacity as provider of registry services in respect of the Damstra Share Register.

**Damstra Warrants** means the warrants exercisable into Damstra Shares held by Partners for Growth V, L.P. and Partners for Growth VI, L.P. set out in Schedule 5 of the Scheme Implementation Deed.

**Deed Poll** means the deed poll attached to this Scheme Booklet as Attachment C, which has been executed by Ideagen and Ideagen BidCo in favour of Scheme Shareholders (the key terms of which are summarised in Section 6.1(b)).

**EBITDA** means the underlying earnings (calculated on a consistent basis as in the Damstra Group's annual report in respect of the financial year ended 30 June 2023) before interest, tax, depreciation and amortisation.

**Effective** means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

**Effective Date** means the date on which the Scheme becomes Effective, which is currently expected to be Tuesday, 16 April 2024.

**Encumbrance** means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or 12(2) of the PPSA, but excluding a Permitted Encumbrance.

**End Date** means 25 July 2024, or such later date as Damstra and Ideagen agree in writing.

**Equity Incentive Plan** means the Damstra equity incentive plan adopted by the Damstra Board and disclosed to ASX on 16 October 2019.

**FATA** means the Foreign Acquisitions and Takeovers Act 1975 (Cth).

**Fiduciary Exception** has the meaning given to that expression in Section 11.9(a)(vi).

**FIRB** means the Foreign Investment Review Board.

**Government Agency** means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal, statutory or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian. It also includes any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions (including ASIC and the Takeovers Panel).

**GST** has the meaning given to that term in the GST Act.

**GST Law** has the meaning given to it in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Ideagen** means Ideagen Limited (Company Number 02805019) of One Mere Way, Ruddington, Nottingham, United Kingdom, NG11 6JS.

**Ideagen BidCo** means Ideagen (Australia) Cerium BidCo Pty Limited (ACN 675 211 426).

**Ideagen FAQs** means the answers to the following questions in Section 5 (**Frequently asked questions**):

- (d) 'Who is Ideagen and the Ideagen Group?';
- (e) 'What are Ideagen's intentions for Damstra if the Scheme is implemented?';
- (f) 'How is Ideagen funding the Scheme Consideration?';
- (g) 'Does Ideagen hold any Damstra Shares?'.

**Ideagen HoldCo** means Ideagen (Australia) Cerium HoldCo Pty Limited (ACN 675 144 288).

**Ideagen Group** means Ideagen and its Affiliates and **Ideagen Group Member** means any one of them.

**Ideagen Group Information** means the information contained in:

- (a) the Ideagen FAQs;
- (b) Section 8 (**Information on Ideagen and Ideagen Group**); and
- (c) Section 11.13 (to the extent that it relates to Ideagen).



**Independent Expert** means Grant Thornton Corporate Finance Pty Limited (ACN 003 265 987).

**Independent Expert's Report** means the report prepared by the Independent Expert in respect of the Scheme, a copy of which is set out in Attachment A to this Scheme Booklet.

**Indicative Proposal** has the meaning given to that term in the Chairman's Letter.

**ITAA 1997** means the *Income Tax Assessment Act 1997 (Cth)*.

**Jefferies** means Jefferies (Australia) Pty Ltd (ACN 623 059 898)

**Last Practicable Trading Date** means Tuesday, 5 March 2024.

**Last Undisturbed Trading Date** has the meaning given to that term in the Chairman's Letter.

**Material Adverse Change** has the meaning given to that term in the Scheme Implementation Deed.

**Maximum Funding Requirement** has the meaning given to that term in Section 8.4(b).

**No Material Adverse Change Condition Precedent** has the meaning given to that term in Section 6.3.

**Non-executive Directors** has the meaning given to that term in Section 11.7.

**Notice of Scheme Meeting** means the notice in relation to the Scheme Meeting, a copy of which is set out in Attachment D to this Scheme Booklet.

**Official List** means the Official List of the ASX.

**Official Quotation** means the quotation of securities on the Official List and **Officially Quoted** has a corresponding meaning.

**Online Scheme Meeting Platform** has the meaning given to that term in the "Participation in, and voting at, the Scheme Meeting through the Online Scheme Meeting Platform" subsection of Section 3 (**How to vote on the Scheme Resolution**).

**OOM Options** has the meaning given in Section 7.3(b).

**Permitted Encumbrance** means:

- (a) any bankers' liens or netting or set off arrangement entered into by a member of the Damstra Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;
- (b) any interest which would be an 'Encumbrance' only by virtue of the operation of section 12(3) of the PPSA;
- (c) any lien arising by operation of law and in the ordinary course of business either securing amounts not yet due or, if due, that are being contested in good faith;
- (d) any lien for money payable for work performed by suppliers, mechanics, workmen, repairmen or employees and, in each case, arising in the ordinary course of business either not yet due or, if due, that are being contested in good faith; and

- (e) any lien for rates, Taxes or fees of any kind payable to a Government Agency, where such amounts are either not yet due or are being contested in good faith by appropriate proceedings.

**PFG** means Partners for Growth VI, L.P..

**PFG V** means Partners for Growth V, L.P..

**PPSA** means the *Personal Property Securities Act 2009* (Cth).

**Prescribed Occurrence** has the meaning given to that term in the Scheme Implementation Deed.

**Recommendation** has the meaning given to that term in the Scheme Implementation Deed.

**Related Body Corporate** has the meaning given to that term in section 50 of the Corporations Act.

**Related Entity** has the meaning given in the Corporations Act.

**Relevant Interest** has the meaning given to that term in sections 608 and 609 of the Corporations Act.

**Representative** means, in respect of a party, an employee, agent, representative, officer, director Related Body Corporate, adviser or financier of that party (or of a Related Body Corporate of that party), and, in the case of Advisers and financiers, includes directors, employees, officers, contractors and agents of the Adviser or financier (as applicable).

**Requisite Majorities** means, in respect of the Scheme Resolution:

- (a) a majority in number (more than 50%) of eligible Damstra Shareholders who are present and voting at the Scheme Meeting (either personally or by proxy, attorney or, in the case of a corporation, its duly appointed corporate representative), unless the Court orders otherwise; and
- (b) at least 75% of the total number of votes cast on the Scheme Resolution by eligible Damstra Shareholders.

**RSM Australia** means RSM Australia Pty Ltd (ABN 33 009 321 377).

**SaaS** means Software-as-a-Service, referring to a cloud-based service model where software applications are delivered over the internet, allowing users to access and use software from any device with an internet connection and a web browser.

**Scheme** means the scheme of arrangement under Part 5.1 of the Corporations Act between Damstra and the Scheme Shareholders under which all of the Scheme Shares will be transferred to Ideagen BidCo, in the form of Attachment B or such other form as agreed in writing between Damstra and Ideagen.

**Scheme Booklet** means this document, being the explanatory statement in respect of the Scheme, which has been prepared by Damstra in accordance with section 412 of the Corporations Act.

**Scheme Consideration** means, in respect of each Scheme Share, \$0.24.

**Scheme Implementation Date** means Friday, 26 April 2024, or such other date as Damstra and Ideagen agree in writing.

**Scheme Implementation Deed** means the Scheme Implementation Deed dated 25 January 2024 between Damstra and Ideagen (a copy of the Scheme Implementation Deed was released to the ASX by Damstra on 29 January 2024 and is also available on Damstra's website ([www.damstratechnology.com](http://www.damstratechnology.com))).

**Scheme Meeting** means the meeting of Damstra Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act or any adjournment thereof.

**Scheme Meeting Online Guide** means the document attached to this Scheme Booklet at Attachment F, which contains details about the Online Scheme Meeting Platform, including a step-by-step guide to successfully log in and navigate the Online Scheme Meeting Platform.

**Scheme Meeting Proxy Form** means the proxy form for the Scheme Meeting, a hard copy of which is set out in Attachment E to this Scheme Booklet.

**Scheme Record Date** means the time and date for determining entitlements to receive the Scheme Consideration, being 7:00pm on the fifth Business Day after the Effective Date, or such other date after the Effective Date as Damstra and Ideagen may agree in writing or is required by ASX, and, as at the date of this Scheme Booklet, is expected to be 7:00pm (Sydney time) on Friday, 19 April 2024.

**Scheme Resolution** means the resolution to approve the Scheme to be considered by Damstra Shareholders at the Scheme Meeting, as set out in the Notice of Scheme Meeting at Attachment D.

**Scheme Share** means a Damstra Share on issue as at the Scheme Record Date.

**Scheme Shareholder** means a Damstra Shareholder as at the Scheme Record Date.

**Second Court Date** means the first day on which an application made to the Court for orders under section 411(4)(b) of the Corporations Act approving the Scheme is heard (or if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard), with such hearing being the **Second Court Hearing**.

**Section** means a section of this Scheme Booklet.

**Subsidiary** has the meaning given in section 9 of the Corporations Act.

**Superior Proposal** has the meaning given to that term in the Scheme Implementation Deed.

**Takeovers Panel** means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

**Tax** means any tax, duty, levy, charge, impost, fee, deduction, goods and services tax (including GST, as defined in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth)), compulsory loan or withholding, that is assessed, levied imposed or collected by any Government Agency and includes any interest, fine, charge, fee or any other amount imposed on, or in respect of the above.

**Third Party** means a person other than Ideagen and its Associates.

**Transaction** means the acquisition of Damstra by Ideagen (or a wholly-owned Subsidiary of Ideagen) by means of the Scheme in accordance with the terms of the Scheme Implementation Deed.

**Treasurer** means the Treasurer of the Commonwealth of Australia.

**Voting Power** has the meaning it is given in section 610 of the Corporations Act.

**VWAP** means the volume weighted average price of the relevant shares traded on ASX during the relevant period but does not include any trades which Damstra determines to be outside the ordinary course of trading, which may include any “Crossing” transacted outside the “Open Session State” or any “Special Crossing” transacted at any time, each as defined in the ASX Operating Rules, or any overseas trades or trades pursuant to the exercise of options over such shares.

**Warranties** has the meaning given to that term under the Scheme Implementation Deed.

**ZEP Options** has the meaning given in Section 7.3(b).

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## Attachment A    Independent Expert's Report

# **Damstra Holdings Limited**

## **Independent Expert's Report and Financial Services Guide**

08 March 2024

Independent Directors  
Damstra Holdings Limited  
Suite 11C, Level 3, 299 Toorak Road  
South Yarra  
VIC, 3141

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**Grant Thornton Corporate  
Finance Pty Ltd**  
Level 17  
383 Kent Street  
Sydney NSW 2000  
Locked Bag Q800  
Queen Victoria Building NSW  
1230  
T +61 2 8297 2400

08 March 2024

Dear Independent Directors

## Introduction

Damstra Holdings Limited ("Damstra" or the "Company") is a provider of integrated workplace management solutions ("WMS") to multiple industries via the development, sale and implementation of integrated hardware and SaaS<sup>1</sup> solutions to better track, manage and protect staff and contractors. Damstra has been operating since 2002 and it is listed on the ASX with a market capitalisation of c. A\$59.5<sup>2</sup> million as at 16 February 2024.

Ideagen Limited ("Ideagen") is a global technology company and supplier of information management software solutions to highly regulated industries. Ideagen offers widespread content lifecycle solutions that enable organisations across industries to meet their regulatory and compliance standards, helping them to reduce corporate risks and deliver operational excellence.

After discussions and negotiations with Ideagen and other parties (refer to section 1 for details), on 25 January 2024, Damstra entered into a Scheme Implementation Deed ("SID" or "Scheme") with Ideagen under which Ideagen will acquire 100.0% of the shares in Damstra ("Damstra Shares") for a cash consideration of A\$0.24 per share ("Scheme Consideration").

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<sup>1</sup> Software as a Service.

<sup>2</sup> Based on the closing share price of A\$0.23 as at 16 February 2024 and 258,652,689 shares outstanding.

The Scheme is subject to customary conditions precedent including approval by the shareholders of Damstra ("Damstra Shareholders"), Court approval and Foreign Investment Review Board ("FIRB") approval.

As part of the transaction, Ideagen has been separately granted call options ("Call Options") by entities associated with significant Damstra Shareholders and Damstra Directors Johannes Risseuw and Christian Damstra to acquire in aggregate a total of 15.3% of the issued Damstra Shares. The Call Options can be exercised by Ideagen to buy Damstra Shares at A\$0.24 per share if any party announces a competing proposal or an intention to propose a competing proposal. Given the Call Options entered into with Directors of the Company, the Board of Damstra formed an independent committee ("IBC")<sup>3</sup> to consider the proposed Scheme.

If the Scheme is implemented, Damstra has reached agreement with Partners for Growth IV, L.P. ("PFG") in relation to the repayment of its debt facility and the termination of warrants held by PFG for an aggregate amount equal to approximately A\$19.0 million ("PFG Debt" or "PFG Facility")<sup>4</sup>.

The Damstra Directors unanimously recommend that Damstra Shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Damstra Shareholders. Subject to the same qualifications, each Damstra Director who holds Damstra Shares intends to vote, or cause to be voted, all the Damstra Shares held or controlled by them in favour of the Scheme.

## Purpose of the report and approach

The IBC has requested Grant Thornton Corporate Finance prepare an Independent Expert's Report ("IER") stating whether the Scheme is in the best interests of the shareholders of the Company for the purposes of section 411 of the Corporations Act 2001 (Cth) ("Corporations Act").

When preparing this IER, Grant Thornton Corporate Finance has had regard to the Australian Securities Investment Commission's ("ASIC") Regulatory Guide 111 *Contents of expert reports* ("RG 111") and Regulatory Guide 112 *Independence of experts* ("RG 112"). The IER also includes other information and disclosures as required by ASIC.

## Summary of opinion

**Grant Thornton Corporate Finance has concluded that the Scheme is FAIR and REASONABLE and hence in the BEST INTERESTS of the Damstra Shareholders in the absence of a superior alternative proposal emerging.**

In forming its opinion, Grant Thornton Corporate Finance has considered whether the Scheme is fair and reasonable to the Damstra Shareholders and other quantitative and qualitative considerations.

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<sup>3</sup> Comprising the Independent Directors Drew Fairchild (Chair), Morgan Hurwitz, Simon Yencken and Sara La Mela.

<sup>4</sup> If the Scheme is not implemented, the maturity of the PGF Debt will remain unchanged at November 2026.



## Fairness assessment

Grant Thornton Corporate Finance has compared the fair market value of Damstra Shares on a control basis with the Scheme Consideration. We have assessed the fair market value of Damstra Shares by relying upon the discounted cash flow methodology ("DCF Method") as our primary approach which we have cross check based on the enterprise value as a multiple of revenue ("Revenue Multiple")<sup>5</sup>. We have additionally provided some relevant observations on the quoted trading price of Damstra Shares ("Quoted Security Price Method").

The following table summarises our fairness assessment.

Fairness assessment	Section		
A\$ per Damstra share	Reference	Low	High
Fair market value of Damstra shares on a control basis	6	0.20	0.28
Scheme Consideration	1	0.24	0.24
<b>Premium/(discount)</b>		<b>0.04</b>	<b>(0.04)</b>
Premium/(discount) (%)		<b>19.5%</b>	<b>(15.2%)</b>
<b>FAIRNESS ASSESSMENT</b>		<b>FAIR</b>	

Source: GTCF analysis.

The Scheme Consideration is within our valuation range of the fair market value of Damstra on a control basis. Accordingly, we conclude that the Scheme is **FAIR** to Damstra Shareholders.

Damstra Shareholders should be aware that our assessment of the value per share should not be considered to reflect the price at which Damstra Shares may trade if the Scheme is not implemented. The price at which Damstra Shares will ultimately trade depends on a range of factors including, but not limited to, the available public market for Damstra Shares, macroeconomic conditions and the performance of Damstra's business.

### DCF Method

Grant Thornton Corporate Finance have built a financial model projecting the post-tax, pre-debt free cash flows of the Company ("GT Model") using management's internal projections ("Internal Projections")<sup>6</sup> as a base and having regard to the historical financial performance, broker and industry consensus estimates.

Based on our understanding of the business, we have considered three overarching drivers that have guided our assessment: 1) Geographic expansion into the North America and Asia-Pacific markets and recent client wins which are expected to accelerate future growth compared with recent years. This is also supported by consensus industry growth for the global and Asia-Pacific WMS industry over the next ten years. 2) Over past few years, Annual Recurring Revenues ("ARR") of subscriptions have materially increased and they now represent the vast majority of the business. ARR provide a more stable revenue source that can be upgraded and scaled easily, unlike the case with one-time hardware sales; and 3) Damstra has implemented several cost optimisation initiatives which generated significant cost savings

<sup>5</sup> Calculated as enterprise value divided by the FY24 forecast revenue.

<sup>6</sup> For the period between FY24 and FY28

and an increase in the profitability of the business which is expected to continue going forward. We have set out below the key assumptions adopted in the DCF Method:

- **Revenue** – For FY24 we have assumed that Damstra will perform in accordance with its budget despite tracking marginally behind its performance as at 31 December 2023. From FY25, we have adopted a revenue growth in line with the consensus for the global Workplace Management Solutions industry and Asia-Pacific segment respectively (mid-teens growth rates) which we have tapered off towards the long-term perpetual growth rate of 2.5% as Damstra increases in size and consolidates its position.
- **EBITDA margins** – We have assumed that Damstra's margin will gradually increase from 26.2% in H1 FY24 to an assumed long term sustainable EBITDA margin of 35.0%. We consider that as Damstra increases in size and slows down in terms of growth, the Company will achieve economies of scale and also be able to reduce certain costs associated with revenue growth. The assumed long term EBITDA margin of 35.0% is in line with the latest broker forecast as well as our identified comparable listed peers.
- **Capital expenditure ("Capex")** – We have modelled for the capex as % of revenue to reduce to 10.0% over the forecast period in line with Management's long-term expectations and brokers. This is also consistent with a tapering down of the revenue growth rates which will require more modest investments in research & development and product developments.
- **Discount rate:** We have assessed the discount rate based on the weighted average cost of capital ("WACC") between 11.5% and 12.5%. Refer to Appendix C for further details on the assessment of the discount rate range.

We have set out below our valuation assessment under the DCF Method.

<b>DCF Method - valuation summary</b>	<i>Section</i>		
A\$Mn	<i>Reference</i>	<b>Low</b>	<b>High</b>
Enterprise value (control basis)		74.2	95.4
Less: Pro-forma adjusted net debt	6.1.2	(22.3)	(22.3)
<b>Equity value (control basis)</b>		<b>52.0</b>	<b>73.2</b>
Number of shares outstanding (Mn) (fully diluted)	6.1.3	258.7	258.7
<b>Value per share (control basis) (A\$ per share)</b>		<b>0.20</b>	<b>0.28</b>

Source: GTCF analysis.

#### *Revenue Multiple approach*

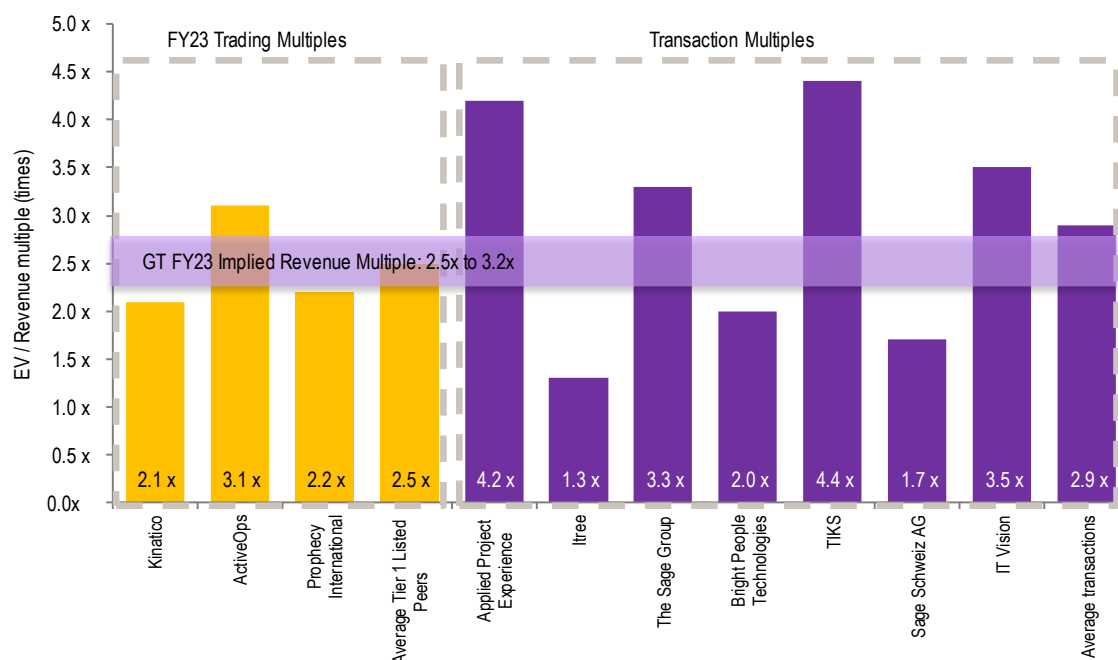
In the valuation cross check, Grant Thornton Corporate Finance has compared the Revenue Multiples implied in the DCF Method and compared them with the listed companies ("Trading Multiples") and private transactions ("Transaction Multiples"). Revenue multiples are widely used as a benchmark to value companies that operate in the WMS industry as they are typically fast growing and loss-making or have recently become profitable.

In our research for listed peers, we have initially focused on companies that operate in the WMS industry and are based in Australia where Damstra generates c.80.0% of its revenue. We have also expanded our search to include New Zealand and North America, being the next two largest regions Damstra is exposed

to and Canada and the UK on the basis that we consider these broadly comparable markets to Australia. We have selected two tiers of Trading and Transaction Multiples. The Tier 1 consists of mid-sized companies that broadly provide similar enterprise protection software, with a focus on integrated workplace management solutions.

In the graph below, we have summarised the revenue multiple implied in our valuation assessment alongside our identified Tier 1 Trading and Transaction Multiples (refer to section 6.2 for details).

#### GT Implied Revenue against FY23 trading and transaction multiples



Source: S&P Global, GTCF analysis & Company announcements. In the calculation of the Trading Multiples, we have added a premium for control of 30.0%

Based on the above, we are of the opinion that the cross check supports our valuation assessment based on the DCF Method due to the following:

- Among the Trading Multiples, the Revenue Multiple of Damstra is higher than Kinatico Ltd (“Kinatico”) and Prophecy International Holdings Limited (“Prophecy”) to account for the higher expected growth, size and profitability. The ability to achieve sustainable and profitable growth has become a key driver in the industry since the end of 2021, when the valuations of technology businesses and, more generally, of high growth companies have been adversely affected by changes in market conditions and a deterioration in the macro-economic environment. The higher multiple of ActiveOps Plc (ActiveOps”) reflects ActiveOps more mature stage of development and also its investment focus in Artificial Intelligence (“AI”) driven products which provides the business with a valuation hedge given the current growth opportunities in AI-related applications.
- Among the Transaction Multiples, whilst none of the Tier 1 is particularly comparable to Damstra and the transactions mainly occurred during 2020 and 2021, when market conditions were different and conducive of higher Revenue Multiples being paid, the average of the Tier 1 is consistent with our valuation assessment under the DCF Method.

#### *Quoted Security Method*

In section 6.3, we have analysed in detail the trading prices of Damstra and concluded that we cannot rely on them for the purpose of our valuation given the limited liquidity and the high bid-ask spread of Damstra Shares trading on the ASX. However, we have undertaken an analysis of the trading prices to gain further insights into the performance of Damstra.

The control premium implied in the Scheme is significantly in-excess of the average control premium paid for successful takeovers in Australia between 20.0% and 40.0% (refer to Appendix F for further details on this control premium study). In our opinion, this is due to the fact that the undisturbed trading prices of Damstra may not have necessarily been representative of the underlying fair market value of the Company, and they were particularly depressed.

Whilst a reduction from a peak valuation in 2021 is reasonable for the Company given: 1) the loss of certain key clients in H1 FY22 (Newmont); 2) specific one-off divergences between the expectations from guidance and the actual performance owing to the COVID-19 impact; 3) significant impairment related to the Vault acquisition; and 4) change in the macro environment since the end of 2021<sup>7</sup>, in our opinion the trading prices before the announcement of the Mitrtech Holdings Inc. ("Mitrtech") Non-Binding Indicative Offer ("NBIO") on 25 October 2023 reflected an element of financial risk in the business associated with the PFG Facility.

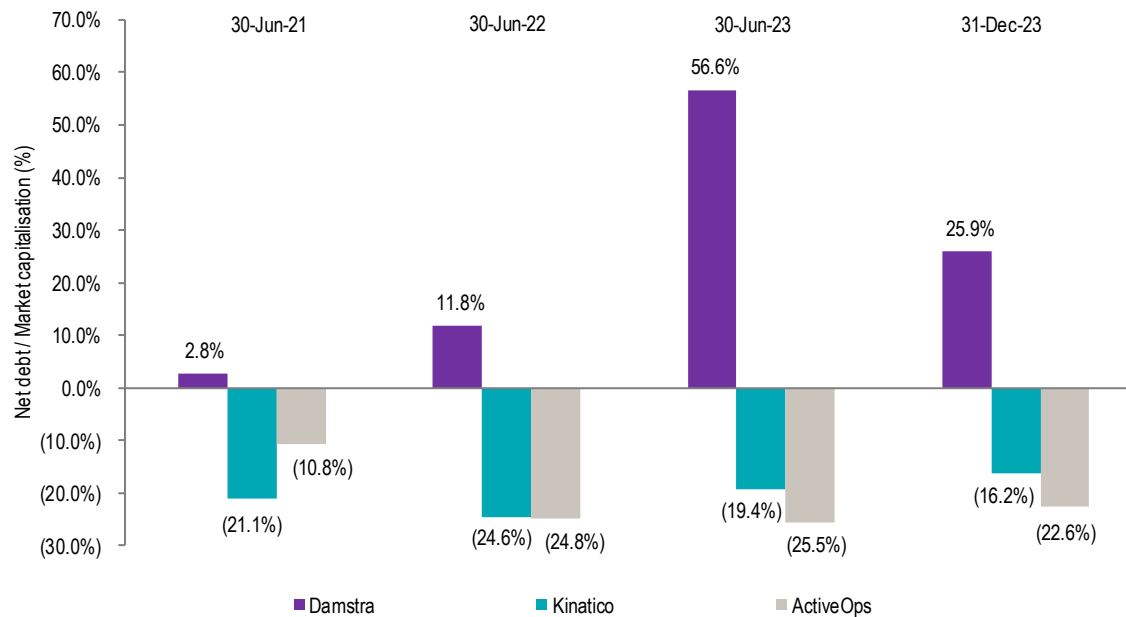
Specifically, Damstra reported a level of net debt of A\$12.7 million as at 31 December 2023, implying a 25.9%<sup>8</sup> gearing which highlights significant reliance on debt financing particularly during a time when the Company's profitability is still limited and interest rates are high by historical standards. Damstra's gearing ratio is materially in excess of the gearing ratio for its listed peers such as Kinatiko and ActiveOps as summarised in the graph below.

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<sup>7</sup> The valuations of technology businesses and, more generally, of high growth companies have been adversely affected by a deterioration in the macro-economic environment driven by the 10-year Government Bond yield increasing from 1.2% at 31 December 2021 to 4.1% as at 16 February 2024.

<sup>8</sup> Gearing ratio calculated as net debt of A\$12.7 million divided by market capitalisation of A\$49.0 million as at 31 December 2023.

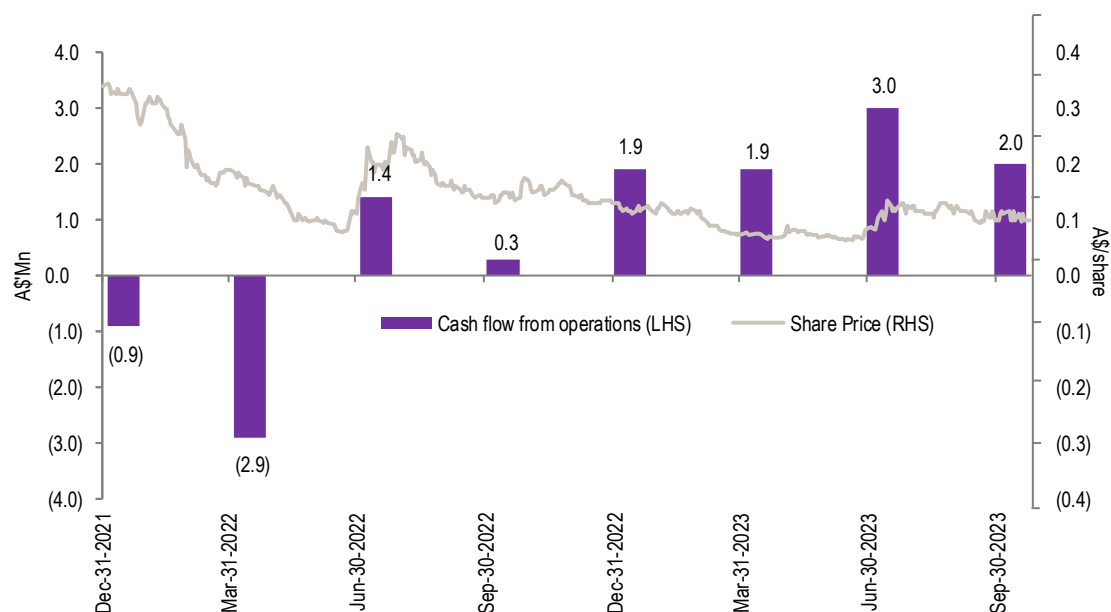
### Ratio of net debt by market capitalisation



Sources: S&P Global, GTCF analysis

Further, as set out in the graph below, the trading prices failed to materially react to positive announcements released by the Company to the market in relation to 1) major client contract wins; 2) increase in the ARR and expansion into the large North America and Asia-Pacific markets; and 3) Successful implementation of cost optimisation initiatives which led to an improvement in cash flow generation.

### Damstra cashflow from operations against its share price since Q2 FY22



Sources: S&P Global, GTCF Analysis

In our opinion, Damstra's share price before the Mitratesch NBIO appears to reflect certain financial risks associated with the Company's debt obligations, therefore, the price is not reacting to improvement in financial performance and reflected in the above market control premium paid. The PFG Facility is now A\$17.5 million senior secured and bears an interest rate of 8.6% above the BBSW, which is equivalent to an interest rate of c. 12.9%<sup>9</sup> as at 16 February 2024 or an annual interest payment of c. A\$2.3 million. In FY22 and FY23, Damstra generated a pro-forma EBITDA less capex, which is considered a proxy for free cash flows before tax, of negative A\$(7.4) million and negative A\$(0.8) million respectively (excluding M&A activity). In the absence of the Scheme, the PFG Facility is likely to continue to represent a material hurdle for a strong recovery in the Company's trading price.

## Reasonable assessment

Under RG 111, the Scheme is reasonable if it is fair. Notwithstanding the above, we have summarised below the advantages, disadvantages, and other factors in relation to the Scheme.

## Advantages

### *Premium for control*

A premium for control is applicable when the acquisition of control of a company or business would give rise to benefits such as the ability to realise synergies, access to technology, access tax benefits and control of the board of Directors of the Company. The Scheme Consideration of A\$0.24 per share represents a premium of:

- 140.0% to the closing Damstra Share price of A\$0.10 on 24 October 2023, being the last day on which Damstra Shares traded on the ASX before Damstra's announcement of the Mitratesch NBIO ("Last Undisturbed Trading Date");
- 134.0% to the one-month VWAP of Damstra Shares up to and including the Last Undisturbed Trading Date of A\$0.10 per Share; and
- 161.0% to the six-month VWAP of Damstra Shares up to and including the Last Undisturbed Trading Date of A\$0.09 per Damstra Share

The Scheme Consideration provides Damstra Shareholders an opportunity to realise their investment in Damstra at a significant premium to the trading prices. This premium is unlikely to be available to Damstra Shareholders in the absence of the Scheme or a superior alternative proposal, and we are of the opinion that it is unlikely for the trading prices of Damstra Shares to increase in line with the Scheme Consideration, at least in the short term.

### *Certainty of the cash consideration*

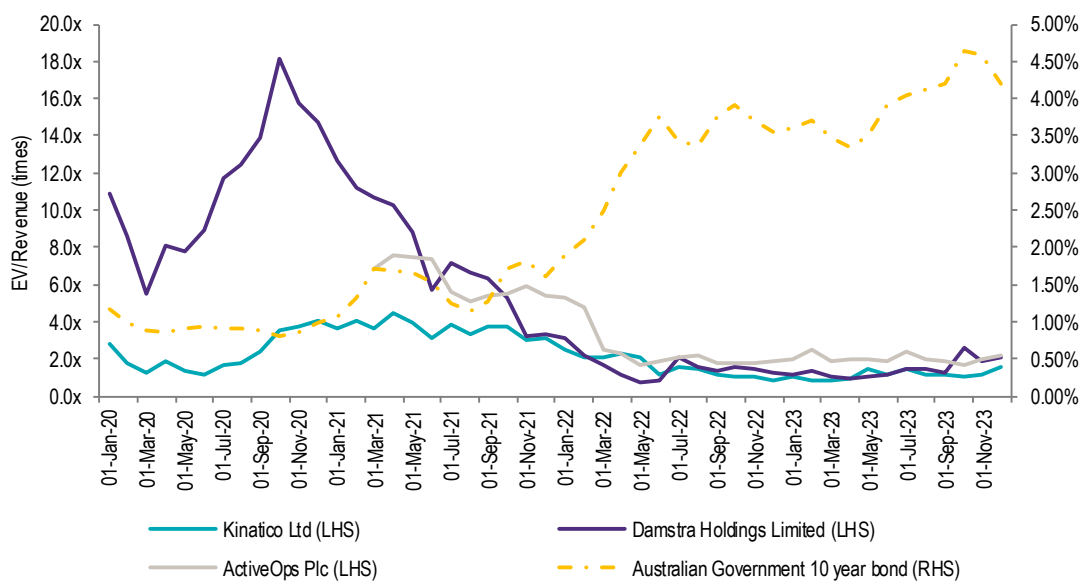
If the Scheme is implemented, Damstra Shareholders will no longer be exposed to certain risks associated with holding an investment in Damstra, which are summarised below:

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<sup>9</sup> BBSW closing rate for a 1-month term to maturity as at 16 February 2024 was c. 4.3%.

- Valuation of technology stocks** – Since the end of 2021, the valuations of technology businesses and, more generally, of high growth companies have been adversely affected by changes in market conditions and a deterioration in the macro-economic environment. The 10-year Government Bond yield has increased from 1.2% as at 31 December 2021 to 4.1% as at 16 February 2024 which has adversely affected high-growth businesses given the propensity for investors to fund non-profitable operations have significantly reduced. To illustrate this, we have benchmarked below the historical rolling multiples of Damstra and certain listed peers against the 10-year Australian Government Bond yield.

#### Rolling revenue multiple against the 10-year Australian government bond



Sources: S&P Global, GTCF Analysis

- Realisation of growth and profitability** – We have relied on the DCF method as our primary approach to perform a valuation of Damstra to assess the fairness of the Scheme Consideration. Despite assuming growth rates above the historical level and significant margin expansion, broadly in line with larger and more established comparable companies, the Scheme Consideration is within our assessed range. Accordingly, we consider that the Scheme Consideration is compensating Damstra Shareholders for the long-term growth and profitability potential of Damstra which are still exposed to significant execution risks.
- Availability of sufficient capital and risk of cash burn** – Damstra will need to invest significant amounts of capital to realise the Company's continued expansion into North America and Asia-Pacific. Should there be a long lead time between Damstra's investment in geographical expansion and a return on investment through client wins, the expansion could become a significant cash burn for the Company, particularly if sufficient funding cannot be sourced which may adversely affect trading prices.
- Release from financial risk** – We consider Damstra's share price, prior to any conditional, non-binding indicative proposals being received to reflect certain financial risks associated with the Company's debt obligations. The Scheme Consideration largely ignores this risk and it therefore provides

Damstra Shareholders the opportunity to sell their Damstra Shares without the application of any discounts for financial risk.

- *Macroeconomic risks* – SaaS businesses require significant investment in research and development of products and platforms to stay competitive in a continuously changing industry. With the significant increase in interest rates, costs of capital and opportunity costs to raise funds to continue to invest in growth and product development has increased accordingly for Damstra and its listed peers. This may represent an impediment to pursue future growth (organic or via acquisitions) in the absence of the Scheme.
- *Cybersecurity risks* – Damstra secures and handles sensitive information of global companies, being exposed to potential cybersecurity threats and data breaches. Despite the training of staff, the Damstra platform is susceptible to threats and breaches which may severely impact the trading price.

#### *Value for money through a competitive bidding process*

The Scheme is the outcome of a competitive sale process during which the Company has received conditional, non-binding, indicative proposals from multiple parties which provides some reassurance that Damstra Shareholders are getting better value for money relative to if the bidding process had been non-competitive.

The withdrawal, by Mitrastech, of their offer of A\$0.30 per share and the subsequent revision downward of Ideagen's initial offer of A\$0.27 per share could indicate that A\$0.27 per share is an upper bound of the price an acquirer would be willing to pay for Damstra, although we emphasise that Ideagen were not willing to deal at this price and that the \$0.24 per share cash consideration offered by Ideagen under the Scheme is within our valuation range of the fair market value of Damstra on a control basis.

#### *No brokerage costs*

Damstra Shareholders will be able to realise their investment in the Company and transfer their shares to Ideagen without incurring any brokerage or stamp duty costs.

## Disadvantages

#### *Risk of missing future upside potential*

If the Scheme is implemented, Damstra Shareholders will not be able to participate in any additional growth opportunities which we have summarised below in a non-exhaustive manner:

- *Domestic and global industry growth:* The global WMS industry is forecast to grow at a CAGR of 13.4% to 2030. This growth is, in part, driven by the North America and Asia-Pacific geographical regions which are forecast to grow at 12.2% and 14.4% respectively. Damstra's recent expansion into these geographies provides an opportunity for Damstra to accelerate its revenue growth. We note that Damstra has already had recent new client wins in North America through Barrick Gold and Capstone Copper who contributed an additional A\$1.4 million in revenues or c. 5.0% of Damstra's FY23 operating revenues. Despite being a new entrant in North America and Asia-Pacific, these ventures are already having a noticeable impact on revenue growth. Assuming Damstra is able to establish itself in these regions, it is not unreasonable to expect client wins to become more frequent which



could result in Damstra outperforming the market, global or regional, in terms of growth.

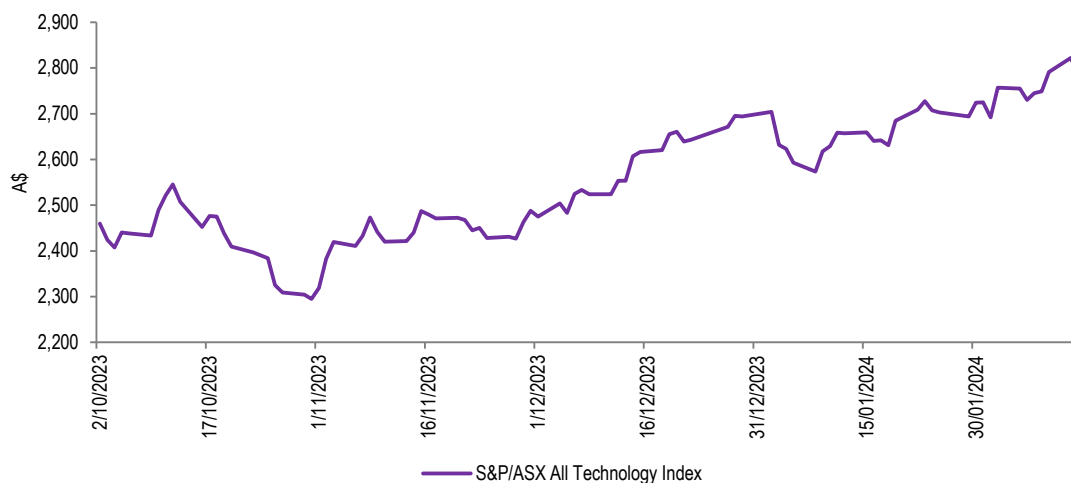
- *Growth through market share capture:* Given Damstra is a new entrant in the North America and Asia-Pacific markets, the first and third largest segments globally, Damstra's existing small presence in these segments provides an opportunity to achieve growth in excess of the wider industry growth through market share capture.
- *Expansion into new industries:* Currently Damstra mainly provides services to Mining and Construction clients. Damstra has the opportunity to extend its product offering to customers operating in different industries, such as IT & Telecoms and Banking, Financial Services & Insurance which comprise approximately 17.0% and 15.0% of the global WMS industry's customer base.

*Timing of the transaction is somewhat opportunistic.*

Whilst the timing the of Scheme may have been somehow opportunistic owing to Damstra's depressed share price, this was more than offset by the materially above market premium for control paid by Ideagen.

Recently, the prices of technology stocks have been gradually rising as set out in the graph below. Should technology stocks and the market as a whole continue to rise, it is not unreasonable to expect that Damstra trading prices would have also increased in the absence of the Scheme. Whilst this may reduce the magnitude of the premium for control, Damstra's trading prices would have to rise significantly to exceed the Scheme Consideration.

#### Share price comparison of the ASX All Technology Index



Source: S&P Global & GTCF analysis

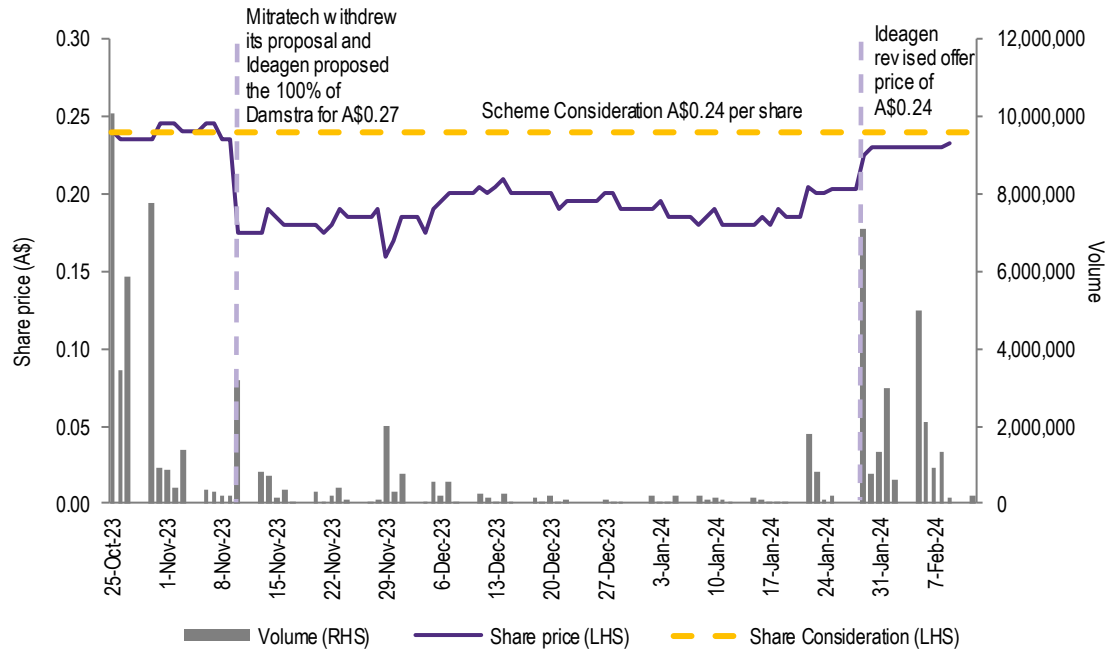
## Other factors

### *Share price after the announcement*

As set out below, following the announcement of the Scheme, the share price of Damstra has traded substantially in line with or slightly below the Scheme Consideration which seems to indicate good support

from investors and a perceived low risk of the Scheme not being implemented and limited expectations for an alternative superior proposal.

#### Damstra – Historical share trading price from October 2023 to February 2024



Sources: S&P Global & GTCF analysis.

#### *Prospect of a superior proposal*

Whilst Damstra has agreed not to solicit any competing proposals or, subject to a fiduciary exception, to participate in discussions or negotiations in relation to any competing proposals, there are no material impediments to an alternative proposal being submitted by potentially interested parties. The transaction process may act as a catalyst for other interested parties and it will provide significant additional information in the Scheme Booklet and Independent Expert's Report to enable such potential acquirers to assess the merits of potential alternative transactions. If a superior proposal emerges before Damstra Shareholders cast their vote on the Scheme, the Scheme meeting may be adjourned or Damstra Shareholders may vote against it.

However, we note that the Call Options are likely to deter any potential alternative proposals. In the event that a competing superior proposal is announced and completed or the Directors withdraw their recommendation of the Scheme, Damstra may be required to pay Ideagen a break fee of A\$690,000 subject to certain exceptions. The break fee may also become payable under other circumstances as set out in the Scheme Booklet.

#### *Implications if the Scheme is not implemented*

If the Scheme is not implemented, it would be the current Directors' intention to continue operating the Company in line with its current strategic plans, on a standalone basis, and will remain listed on the ASX.

We consider, in light of Damstra's low free cash flow generation and high gearing, the trading prices may reduce materially from the current level. However, we doubt that the price will revert to the unaffected

share price prior to Mitrastech NBIO on the 25<sup>th</sup> October as the competitive sale process has highlighted the price that a pool of potential purchasers is prepared to pay for the business.

#### *Foreign exchange exposure*

As Damstra increases its exposure to North America and Asia-Pacific, the Company's foreign exchange exposure is likely to increase which can materially impact financial results. Whilst there may be a partial natural hedge if Damstra is generating revenue but also incurring costs in USD or another foreign currency, a weakening of the AUD could have a detrimental impact on Damstra's financial results if they continue to be reported in AUD.

#### *Tax implications*

Implementation of the Scheme may crystallise a capital gains tax liability for Damstra Shareholders, however the taxation consequence for Damstra Shareholders will vary according to their individual circumstances and will be impacted by various factors. Damstra Shareholders should read the overview of tax implications of the Scheme as out in the Scheme Booklet and also seek independent financial and tax advice.

### Reasonableness conclusion

Based on the qualitative factors identified above, it is our opinion that the Scheme is **REASONABLE** to Damstra Shareholders.

### Overall conclusion

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Scheme is **FAIR AND REASONABLE and hence in the Best Interests** of Damstra Shareholders.

Each shareholder of Damstra should decide whether or not to vote in favour of the Scheme based on their own views of the value of Damstra and expectations about future market conditions, Damstra's performance, and their individual risk profile and investment strategy.

### Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section. The decision as to whether or not to vote in favour of the Scheme is a matter for each shareholder of Damstra based on their own views of value of Damstra and expectations about future market conditions, Damstra's performance, risk profile and investment strategy. If the Damstra Shareholders are in doubt about the action they should take in relation to the Scheme, they should seek their own professional advice.

Yours faithfully  
GRANT THORNTON CORPORATE FINANCE PTY LTD



ANDREA DE CIANI  
Partner



JANNAYA JAMES  
Partner

**Financial Services Guide****1 Grant Thornton Corporate Finance Pty Ltd**

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by Damstra to provide general financial product advice in the form of an independent expert's report in relation to the Scheme. This report is included in the Scheme Booklet outlining the Scheme.

**2 Financial Services Guide**

This Financial Services Guide has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

**3 General financial product advice**

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

**4 Remuneration**

When providing the report, Grant Thornton Corporate Finance's client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the report, Grant Thornton Corporate Finance will receive from Damstra a fee of around A\$140,000 plus goods and services tax ("GST"), which is based on commercial rates plus reimbursement of out-of-pocket expenses in relation to the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

## 5 Independence

Grant Thornton Corporate Finance is required to be independent of Damstra and Ideagen in order to provide this report. The guidelines for independence in the preparation of an independent expert's report are set out in Regulatory Guide 112 *Independence of expert* issued by the Australian Securities and Investments Commission. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

*Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Scheme, other than the preparation of this report.*

*The Grant Thornton Corporate Finance Transaction Advisory Services team provided Financial Due Diligence ("FDD") services to Ideagen in relation to their acquisition of Damstra. The engagement team who prepared this report, who are comprised of different personnel to the engagement that provided the FDD services, are from the Grant Thornton Corporate Finance Valuations, not Transaction Advisory Services, and have not reviewed the deliverable or any associated working papers or materials prepared for the FDD services. On this basis we do NOT consider that this prior engagement impairs our independence or objectivity in relation to the opinions provided in this report.*

*Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Scheme. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report. Grant Thornton Corporate Finance considers itself to be independent in terms of Regulatory Guide 112 "Independence of expert" issued by ASIC.*

## 6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Complaints Authority. All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority who can be contacted at:

Australian Financial Complaints Authority Limited  
GPO Box 3  
Melbourne, VIC 3001  
Telephone: 1800 931 678

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

**Compensation arrangements**

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of Section 912B of the Corporations Act, 2001.

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## 1 Overview of the Scheme

### 1.1 Bidding process

Damstra has engaged with a number of interested parties in relation to a potential change of control transaction which has resulted in the Company and Ideagen entering into the SID on 25 January 2024. Before that, we note the following:

- On 25 October 2023, Damstra announced that it had received conditional, non-binding, indicative proposals from multiple parties to acquire 100.0% of Damstra Shares. Later the same day, it was announced that Mitrtech had made a conditional, indicative, non-binding offer to acquire 100.0% of Damstra Shares for A\$0.30 cash per share.
- Mitrtech subsequently withdrew their offer on 10 November 2023 and at the same time Damstra announced they had re-engaged with Ideagen as another interested party who had made a conditional, indicative, non-binding offer to acquire 100.0% of Damstra Shares for A\$0.27 cash per share.
- On the 22 January 2024, Damstra announced that Ideagen revised its offer to A\$0.24 cash per share following a period of due diligence.

### 1.2 Key conditions of the SID

The SID includes the following key conditions precedent (refer to the SID for the full list):

- Approval of the Scheme by Damstra Shareholders and by the Court in accordance with Section 411(4) (b) of the Corporations Act 2001 (Cth);
- Approval by Australia's Foreign Investment Review Board;
- The Independent Expert issues a report which concludes and continues to conclude that the Scheme is in the best interests of Damstra Shareholders; and
- No Damstra prescribed occurrences and no material adverse changes and other conditions precedent typical for a transaction of this type.

The SID also includes certain circumstances under which a break fee of A\$690,000 may become mutually payable between the parties.

The SID sets out the following treatment of existing, options, warrants, conditional rights and cash incentives:

- *Options*<sup>10</sup>: As at the date of the SID, Damstra has 5,387,903 options on issue with various exercise prices which are in excess of the Scheme Consideration and are therefore "out of the money" options

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<sup>10</sup> SID Booklet Schedule 11.3a



(“OOM” Option). On or before the Scheme Record Date, each OOM Option will be cancelled for consideration payable in cash by Ideagen equal to the value of those options using the Black-Scholes valuation methodology (as assessed by Damstra in consultation with Ideagen). The aggregate amount of consideration payable for cancellation of the OOM Options will not exceed A\$150,000. As at the date of the SID, Damstra has 37,702,872 options on issue with an exercise price of nil (each a Zero Exercise Price “ZEP” Option). Of the ZEP Options on issue, up to 25,673,320 will be cancelled for A\$0.24 per ZEP Option (which Ideagen will pay in cash to each holder) and 12,029,552 unvested ZEP Options will be cancelled for nil consideration in each case on or before the Scheme Record Date.

- *Warrants*<sup>11</sup>: Damstra and PFG have agreed to simultaneously terminate all warrants in Damstra held by PFG and also repay all of Damstra’s outstanding debt owed to PFG for a total consideration of A\$19.0 million. The warrants will be cash settled for c.A\$1.7 million (being the net exercise cost of the exercisable Damstra Warrants into 13,200,261 Damstra Shares assuming the Scheme Consideration of A\$0.24 per Damstra Share) to be paid by Ideagen to PFG on the Scheme Implementation Date.
- *Conditional Rights*<sup>12</sup>: As at the date of the SID, Damstra has granted Conditional Rights, being conditional future rights to certain employees to receive, or to receive the cash equivalent of, up to 10,100,335 ZEP Options (in aggregate), subject in each case to the Damstra Board’s overriding discretion and Damstra’s long and/or short term performance (as applicable, among other things). If the Scheme becomes effective, the Damstra Board intends to exercise its overriding discretion to extinguish most Damstra Conditional Rights for nil consideration. The Damstra Board has determined to exercise its overriding discretion such that certain senior management team members of Damstra who are holders of 3,222,064 Damstra Conditional Rights in aggregate will have their rights cash settled for approximately A\$800,000.
- *Cash Incentives*<sup>13</sup>: As noted in its Annual Report, Damstra maintains an Long Term Incentive (“LTI”) Plan and an Short Term Incentive (“STI”) Plan which includes a cash incentive program for its employees. The Damstra Board has exercised its discretion to determine that participants in the STI Plan will have their FY24 STI cash entitlements lapsed for nil consideration and most participants in the LTI Plan will be paid out 80% and 33% of their long term cash incentive entitlements for FY23 and FY24, respectively. The aggregate amount of the Damstra Cash Incentives to be paid out is A\$882,246. As disclosed in its Annual Report, Mr Johannes Risseeuw, the Executive Chairman of Damstra, owes an amount equal to approximately A\$134,011 to the Damstra group pursuant to a loan advanced to Mr Risseeuw by the Damstra. Ideagen, Damstra and Mr Risseeuw have agreed that the amount of the outstanding JR Loan will be set off against, and will reduce, the amount payable by Ideagen on or before the Scheme Implementation Date to Mr Risseeuw (or entities associated with him) in respect of his Damstra Cash Incentive entitlement.

### 1.3 Call Options

Entities associated with significant Damstra Shareholders and Damstra Directors, Johannes Risseeuw and Christian Damstra, have each separately reached an agreement to grant Ideagen call options to acquire in aggregate a total of 15.3% of the issued Damstra Shares if any person other than the optionholder

<sup>11</sup> SID Schedule 11.3c

<sup>12</sup> SID Schedule 11.3b

<sup>13</sup> SID Schedule 11.3d

(Ideagen) or any of its affiliates publicly announces a competing proposal or an intention to undertake or propose a competing proposal. The Call Option may be terminated by the optionholder at any time.

#### 1.4 Repayment of existing debt facility

On 5 June 2023, Damstra renewed and extended its loan facility with PFG which was A\$17.5 million at 30 June 2023. The PFG Debt is senior secured and the redemption date is 30 November 2026. In connection with the Scheme, Damstra has reached agreement with PFG in relation to the repayment of its debt facility and the warrants held by PFG for an aggregate amount equal to approximately A\$19.0 million (including all costs and fees associated with the repayment of the facilities and termination of the warrants). The repayment obligation is conditional on the Scheme becoming Effective and assumes a repayment date of 22 April 2024 (beyond which time an additional daily interest charge will apply to the repayment amount).

## 2 Purpose and scope of the report

### 2.1 Purpose of the report

Section 411 of the Corporations Act 2001 (Cth) ("Corporations Act") regulates schemes of arrangements between companies and their members. Part 3 of Schedule 8 of the Corporations Regulations 2001 (Cth) ("Corporations Regulations") prescribes information to be sent to shareholders and creditors in relation to members' and creditors' schemes of arrangements pursuant to Section 411 of the Corporations Act.

Part 3 of Schedule 8 (clauses 8303 and 8306) of the Corporations Regulations requires an independent expert's report in relation to a scheme to be prepared when a party to that scheme has a shareholding greater than 30.0% in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert's report must state whether a scheme is in the best interests of shareholders and state reasons for that opinion. Even where there is no requirement for an independent expert's report, documentation for a scheme of arrangement typically includes an independent expert's report.

Accordingly, the IBC has requested Grant Thornton Corporate Finance to prepare an independent expert's report stating, whether in its opinion, the Scheme is in the best interests of the Damstra Shareholders.

### 2.2 Basis of assessment

In determining whether the Scheme is in the best interests of the Company's members, Grant Thornton Corporate Finance has had regard to relevant Regulatory Guides issued by the ASIC, including RG 111, Regulatory Guide 60 Scheme of arrangement ("RG 60") and RG 112. The IER will also include other information and disclosures as required by ASIC. We note that neither the Corporations Act nor the Corporations Regulations define the term "in the best interests of members".

RG 111 establishes certain guidelines in respect of independent expert's reports prepared for the purposes of the Corporations Act. RG111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of "fair and reasonable" in the context of a takeover offer. RG 111 requires an independent expert report prepared for a change of control transaction implemented by way of scheme of arrangement to undertake an analysis substantially the same as for a takeover bid. However, the opinion of the expert should be whether or not the proposed scheme is "in the best interests of the members of the company". If an expert were to conclude that a proposal was "fair and reasonable" if it was in the form of a takeover bid, it will also conclude that the proposed scheme is "in the best interests of the members of the company".

Pursuant to RG111, an offer is "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are subject of the offer. A comparison must be made assuming 100.0% ownership of the target company.

RG111 considers an offer to be "reasonable" if it is fair. An offer may also be reasonable if, despite not being "fair" but after considering other significant factors, shareholders should accept the offer in the absence of any higher bid before the close of the offer.

In our opinion, the most appropriate way to evaluate the fairness of the Scheme is to compare the fair market value of Damstra Shares on a control basis with the Scheme Consideration.

In considering whether the Scheme is in the best interests of Damstra Shareholders, we have considered a number of factors, including:

- Whether the Scheme is fair.
- The implications to Damstra Shareholders if the Scheme is not implemented.
- Other likely advantages and disadvantages associated with the Scheme.
- Other costs and risks associated with Scheme that could potentially affect Damstra Shareholders.

### 2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to the Scheme with reference to the RG112.

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Scheme other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Scheme.

The Grant Thornton Corporate Finance Transaction Advisory Services team provided Financial Due Diligence ("FDD") services to Ideagen in relation to their acquisition of Damstra. The engagement team who prepared this report, who are comprised of different personnel to the engagement that provided the FDD services, are from the Grant Thornton Corporate Finance Valuations, not Transaction Advisory Services, and have not reviewed the deliverable or any associated working papers or materials prepared for the FDD services. On this basis we do NOT consider that this prior engagement impairs our independence or objectivity in relation to the opinions provided in this report.

### 2.4 Consent and other matters

Our report is to be read in conjunction with the Scheme Booklet dated on or around 8 March 2024 in which this report is included and is prepared for the exclusive purpose of assisting the Damstra Shareholders in their consideration of the Scheme. This report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this report in its form and context and consents to its inclusion in the Scheme Booklet.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Scheme to the Damstra Shareholders as a whole. We have not considered the potential impact of the Scheme on individual shareholders. Individual shareholders have different financial circumstances, and it is neither practicable nor possible to consider the implications of the Scheme on individual shareholders.

The decision of whether or not to vote in favour of the Scheme is a matter for each Damstra Shareholder based on their own views of the value of Damstra and expectations about future market conditions, Damstra's performance, their individual risk profile and investment strategy. If Damstra Shareholders are in doubt about the action they should take in relation to the Scheme, they should seek their own professional advice.

## 2.5 Compliance with APES 225 Valuation Services

This report has been prepared in accordance with the requirements of the professional standard APES 225 Valuation Services ("APES 225") as issued by the Accounting Professional & Ethical Standards Board. In accordance with the requirements of APES 225, we advise that this assignment is a Valuation Engagement as defined by that standard as follows:

*"An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time."*

### 3 Industry overview

Damstra is SaaS and cloud-based software provider that offers integrated WMS. The WMS industry is designed to enable organisations to improve the operational efficiency and effectiveness of their internal processes associated with the management of their physical, operational and financial assets. Damstra offers products to customers operating in a wide range of industries and geographies.

#### 3.1 Overview of the Workplace Management Solutions industry

WMS are used to support, automate and improve certain activities, data collection and events related to workforces and workplaces, including access control, learning management, asset management and Health, Safety and Environment ("HSE") management.

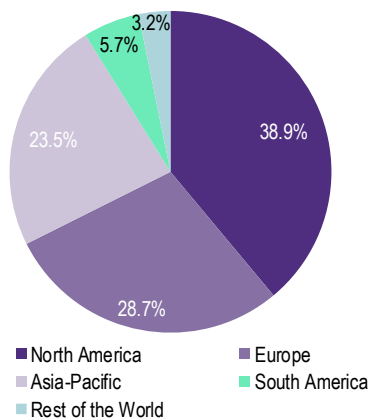
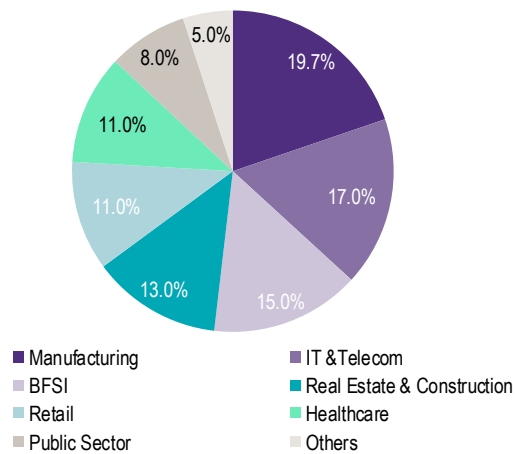
Products offered by the WMS industry can be broken down into the following segments<sup>14</sup>:

- **Workforce management and onboarding:** Software used to deploy, manage and optimise workforces including onboarding, rostering, time and attendance, absence and leave management and workforce analytics.
- **Access control:** These solutions are used to restrict access to properties, facilities, buildings and rooms to authorised individuals. Electronic access control systems have become an integral component of integrated WMS.
- **Learning management:** Corporate learning and development solutions offer eLearning courses to employees and provide the organisation with the ability to track and record enrolment, progress and completion of modules.
- **Asset management:** Asset management software refers to software used to track fixed assets in organisations, most typically to maintain a record of, and depreciation values on, fixed assets, as well as to manage and track repair and overhaul schedules. This solution is typically part of a broader financial management or Enterprise Resource Planning ("ERP") software suite.
- **HSE management:** This software is used for managing, linking and sharing data related to HSE within the organisation, including HSE policies, incident reports, risk assessments, training records and HSE audits.

Products offered by the WMS industry have high utility and customisation capabilities allowing providers to service customers that operate in a broad range of industries and geographies as set out below.

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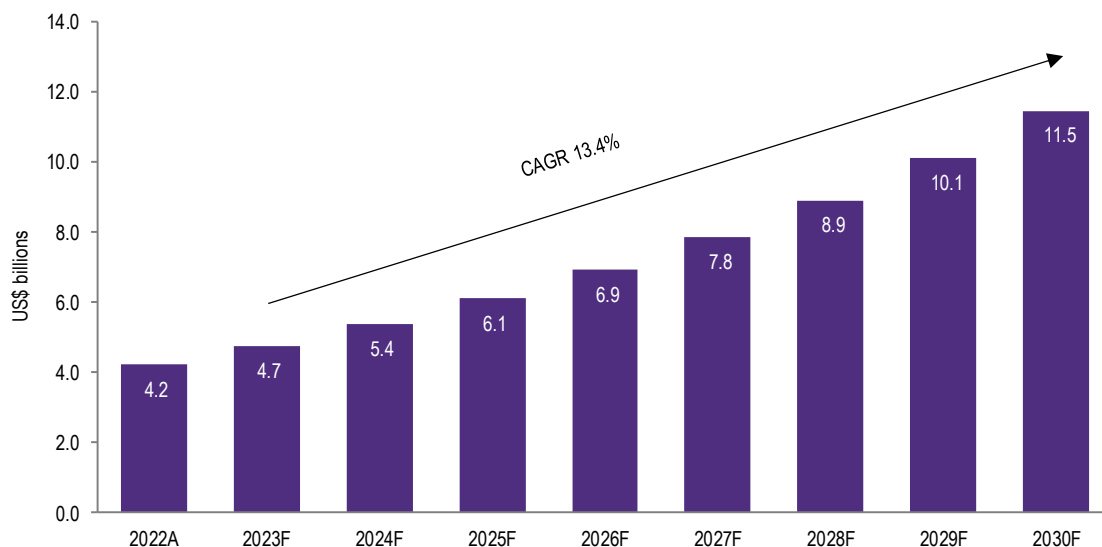
<sup>14</sup> Vault Intelligence, 2020, Damstra Prospectus 2019 & Moelis Research 2020

**WMS market share by geography<sup>1</sup>**

**WMS market share by industry served<sup>2</sup>**


Source: Industry ARC & Grand View Research

Notes: (1) North America includes the US, Canada and Mexico; Europe includes Germany, UK, France, Italy Spain, Russia and Others; Asia Pacific includes China, Japan, India, Australia and New Zealand and Others; South America include Brazil, Argentina and Others; Rest of the World includes the Middle east and Africa; (2) Global WMS industry are based off estimations

Global WMS industry revenue was estimated to be at circa US\$4.2 billion in 2022 (circa A\$6.2 billion)<sup>15</sup> and is forecast to grow at a Compound Annual Growth Rate ("CAGR") of 13.4% to 2030, reaching circa US\$11.5 billion<sup>16</sup> (circa A\$16.8 billion).

**Global WMS industry forecast growth (US\$ billions)**


Source: Grand View Research & GTCF analysis

The key geographies driving WMS industry growth are North America and Asia-Pacific, both geographies in which Damstra operates and forecasts a CAGR of 12.2% and 14.4% respectively, from 2023 to 2030<sup>17</sup>.

<sup>15</sup> \$AUD/\$USD exchange rate of 1.47 as at 31 December 2023

<sup>16</sup> Grand View Research, 2023

<sup>17</sup> Grand View Research, 2023

### 3.2 Competitive landscape

There is a high degree of competition within the WMS market, with most major providers offering products to customers that operate in a broad range of industries and geographies. Damstra, similar to providers including International Business Machines Corporation ("IBM"), Biosite Systems Ltd, Oracle and Workday, are distinct from other operators in that they provide a full suite of products to customers.

Below we have summarised the major players within each subsection of the WMS industry.

Key players by industry segment					
Company	Workplace management and onboarding	Access control	Learning management	Asset management	HSE management
Damstra	✓	✓	✓	✓	✓
Ideagen	✓		✓		✓
Biosite Systems	✓	✓	✓	✓	✓
IBM	✓	✓	✓	✓	✓
Oracle	✓	✓	✓	✓	✓
Workday	✓	✓	✓	✓	✓
SAP	✓	✓	✓	✓	✓
Pegasus	✓	✓	✓	✓	✓
Sage	✓	✓	✓	✓	✓
Predictive Safety Velocity EHS	✓	✓	✓		✓
Inx Software	✓		✓		✓
Ready Tech	✓	✓	✓		
Technology One	✓		✓		✓
Blackline Safety	✓	✓			
Bigtincan Holdings	✓		✓		
Bright People Technologies	✓	✓			
Prophecy International Holdings	✓	✓			
Whispir Limited	✓	✓			
ActiveOps Plc	✓		✓		
Kinatico Limited	✓				

Source: Future Market Insights, Damstra replacement prospectus, Moelis Research & GTCF analysis

Due to the nature of the WHS market, there are significant barriers for entry for new competitors as outlined below:

- **Product development investment and ability to offer an integrated solution:** A substantial amount of ongoing investment is required to satisfy the needs of complex and large organisations with respect to building, developing and maintaining a software platform. In order for new participants to effectively compete in this market, they will need to build scale in multiple product verticals or modules to offer an integrated solution and broad range of products.
- **Installed hardware increase switching costs:** Cloud based software are often integrated with hardware components which result in solutions that are deeply embedded in the organisation. Addition of physical hardware components also increases costs associated with switching solutions providers, both in terms of upfront investment and transitioning of data.



- *Privacy Data protection standards:* Various government regulations and standards are required to be maintained to comply with continuously changing data protection and privacy regulations that pose substantial barriers to entry. This includes obtaining data protection and privacy certifications such as system and organisation controls accreditation.
- *Reputation and brand:* Reputation/ brand name is built over time for any participant and is a major source of future opportunities.

### 3.3 Key industry trends

- *Cloud deployment:* Historically, enterprises have relied on workplace management software that utilises on-premise hardware infrastructure. However, with the advancement of technology, there has been a shift towards cloud-based software which offers greater utility whilst being less capital intensive for customers.
- *Cost benefit:* Companies are increasingly outsourcing workforce management roles to reduce cost and increase productivity. Greater focus on technology costs and reduction in capital budgets for internal developed solutions is driving the demand for external safety software.
- *Growing innovation:* Given current times, there has been growing proliferation of Internet of Things (“IoT”) and smart wearable technology driving innovation in operational risk management and industrial asset monitoring for safety purposes of plants and processes. Vendors are aiming to develop IoT-centric safety platforms to effectively combine IoT data into HSE software and workplace management platforms to offer accurate, real time and auditable information.
- *Risk and Compliance:* With increasing government regulation and standards, there is a growing importance of corporate social responsibility that emphasises the need for greater risk management and data protection. This is primarily supported from third party vendors that provide a more efficient means of monitoring safety outcomes through their developed solutions. In addition, health and safety of employees is paramount with the increasing popularity of consistent health and safety outcomes within the workplace.
- *Hybrid working practices:* The COVID-19 pandemic has resulted in companies operating under a hybrid model with employees basing themselves at home, or elsewhere, for a portion of their working hours. Despite restrictions easing, according to McKinsey, in 2022 workers were going to the office on average 3.5 days per week, 30% below pre-pandemic norms and appear to be expecting this to at least persist. With the hybrid work model becoming increasingly popular, with 56% of survey responders operating under a hybrid work arrangement, organisations are investing heavily in WMS products to ensure employees can continue to work effectively and efficiency no matter where they are working<sup>18</sup>.

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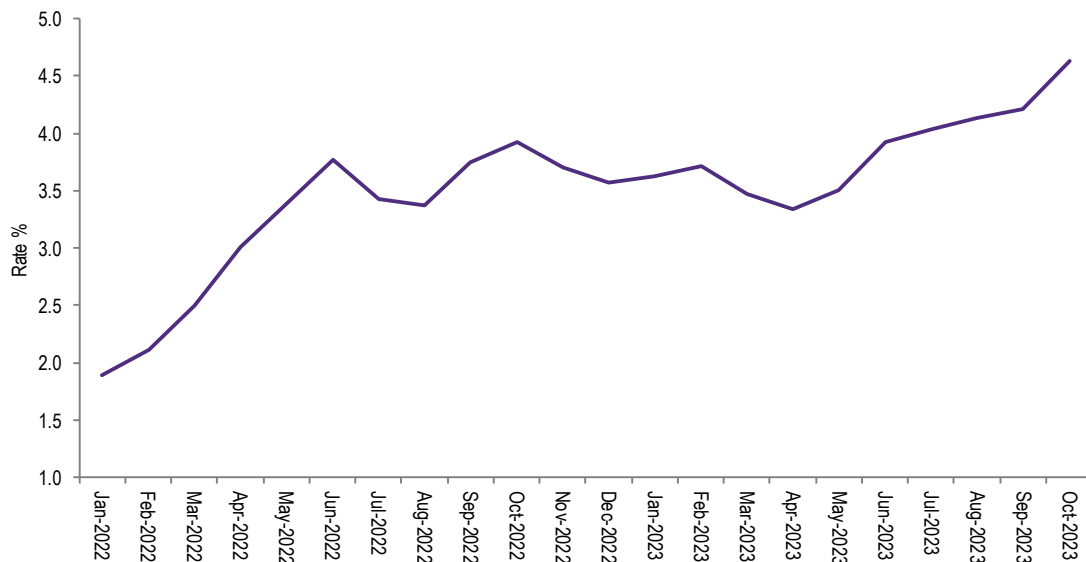
<sup>18</sup> McKinsey Global Institute, 2023

### 3.4 Macroeconomic trends

Presented below is a summary of the Australian macroeconomic factors that may impact the performance of the domestic WMS industry going forward:

- **Interest Rates:** Interest rates are a key macroeconomic variable that directly impacts a company's ability to invest in product development and acquisitions. WMS are capital intensive, requiring large investments early on to develop and update its products and service offerings. Hence, WMS products are sensitive to interest rate movements as it directly impacts the company's ability to raise capital and consequently the rate at which it can grow/develop its products. As shown below, since 4 May 2022, the Reserve Bank of Australia ("RBA") has increased the interest rate from 0.1% to 4.35% as of 7 February 2024.

#### Australia 10- year Government Bond Yield



Source: Reserve Bank of Australia

- **Inflation:** Inflation levels have started to ease in both the US and Australia, with the US currently at 3.4% in December 2023 down from a peak of 9.1% in June 2022<sup>19</sup>, and Australia currently at 4.1% in December 2023. During COVID-19, many SaaS businesses invested heavily into product development due to organisations working remotely, which instigated price increases driven by increased demand. Vertice, a company that pioneered the SaaS + cloud spend optimisation platform, found that SaaS price inflation was at 9.0% and 8.7% for 2022 and 2023 respectively, outpacing CPI in most countries<sup>20</sup>.
- **Construction and Mining Industries:** We explain in section 4.2 that the majority of Damstra's customers operate in the Construction and Mining industries. The performance of these industries, both in Australia and globally, are tied to economic cycles. During economic upswings there is increased investment in infrastructure as well as residential and commercial property. This, in addition to the general increase in economic activity, increases demand for commodities which in turn increases production in the Mining industry. The recent rise in interest rates, as set out above, is typically

<sup>19</sup> U.S. Bureau of Labor Statistics, 2023

<sup>20</sup> Vertice, The cost of software crisis: How inflation is affecting SaaS prices, 13 November 2023

considered a recessionary form of monetary policy which can result in a downswing in economic activity lowering construction and mining activity. Given Damstra's exposure to these industries, Damstra may in the future experience a dip in revenues should both the Construction and Mining industries scale back should economies enter into a downswing or recessionary phase.

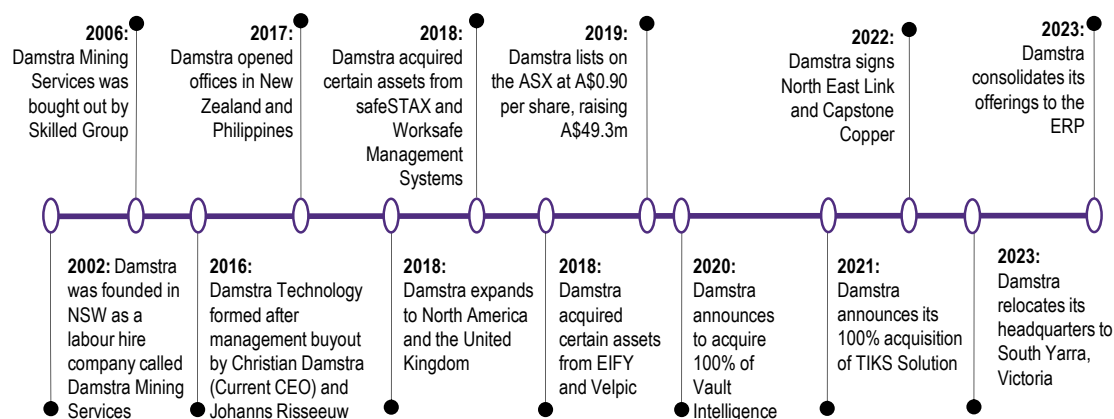
## 4 Profile of Damstra

### 4.1 Company overview

Damstra, an Australian based business headquartered in Victoria, provides WMS through its Enterprise Protection Platform (“EPP”) to clients predominantly in the Construction and Mining industries in over 25 countries including Australia, New Zealand, Africa, South America, and North America.

The company was established in 2002 as Damstra Mining Services focussing on labour hire within the black coal industry based out of Hunter Valley in NSW. In 2006, Skilled Group acquired Damstra Mining services and began focusing on technology development. In 2016, when Programmed Group acquired Skilled Group, via a management buyout, Christian Damstra (current CEO) and Johannes Risseeuw (current Chairman) renamed the company Damstra Technology. The company was subsequently listed on the ASX in October 2019.

Below is a brief history of Damstra.



Source: Damstra website, Damstra replacement prospectus & Moelis Research

### 4.2 Business overview

Damstra has three main revenue streams that serve more than 1,100 clients operating across a broad range of industries comprising c. 1.5 million users:

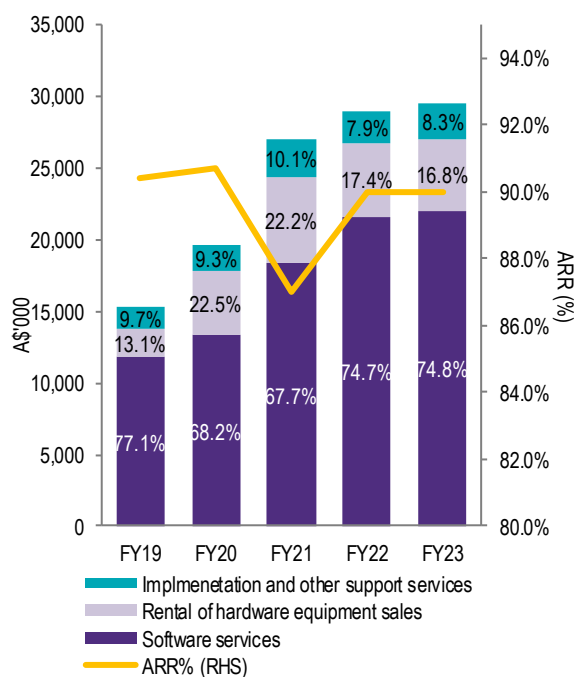
- **Software Services:** Damstra's largest revenue stream, adopts a user license model that generates revenue from subscription fees from the product offerings detailed below.
- **Rental and Hardware Equipment Sales:** Comprises fee revenue from customers granting them access to equipment, handheld devices, including the Solo product acquired from the Vault Intelligence Limited acquisition in 2020, to carry out operations on project sites.
- **Implementation and Other Support Services:** The majority of revenue from this category comprises of software implementation services with additional revenue generated from installation and maintenance of equipment on client sites and online training packages.

Damstra Platform overview			
Product	Description	Features	Industry segment
Workforce Management	Assists in ensuring that workers are approved to be on site and compliant	Prequalification workers, verification of worker; time and attendance; fatigue management; skills matrix	Workplace Management and onboarding
Access Control	Range of solutions with integrated verification providing live data	Verification via swipe card biometric and facial; turnstiles - gates - doors; alcohol and drug testing; visitor management; evacuation and muster	Access Control
Asset Management	Managing and tracking assets for an entire lifecycle	Acquisition and history profile; asset register; services and maintenance schedule; equipment login and logout functions	Asset Management
Learning Management	Assists in ensuring workers are inducted, work ready upon site arrival and trained on an ongoing basis	Skills matrix and gap analysis tools; training needs analysis; accessible on any device; notification of expiring competencies; full control of content	Learning Management
HSE Management	Remotely managing health, safety and environmental risk on site	Incident and hazard management risk assessment management; safe work method; consultation management; mobile inspection and audits	HSE Management
Contractor Management	Assisting contractors in uploading and managing data	Prequalification of supplier & contractor, verification of skills, licenses and competencies; fatigue management; skills matrix	Workplace Management and onboarding & HSE
Solo	Managing the safety of workers in high risk client sites	Wearable technology monitoring the biometrics of a worker/contractor, location, panic alerts and collision detection	HSE Management

Source: Damstra ASX Announcements, Damstra website

Below we set out an analysis of Damstra's revenue performance for the periods FY19 to FY23, split by revenue stream, in addition to an analysis of Damstra's ARR. We also separately set out an analysis of Damstra's customer geography for FY22 and FY23.

#### Revenue by stream and ARR %



#### Revenue by customer geography



Source: ASX Announcements

Damstra generates revenue from a user license model, often coupled with recurring hardware payments that are driven by the number of license subscriptions and renewals. Contracts are typically for terms of between three to five years and are priced on an A\$ per user per year and A\$ per hardware device per month, with revenue scaling in accordance with the volume of users and devices. Consequently, broadly 90.0% of Damstra's revenue has been recurring in nature.

Damstra experienced strong revenue growth in FY20 and FY21 driven in part by the COVID-19 pandemic demanding better management of staff from both an operational efficiency and HSE perspective, particularly in the Construction and Mining industries. FY21 growth was also driven by Damstra's acquisition of Vault in October 2020. FY22 and FY23 has seen more modest growth resulting in an overall 4-year revenue CAGR of 8.5% with some growth driven by Damstra's acquisition of TIKS Solutions ("TIKS") in October 2021.

Growth has largely been driven by Damstra's Software Services revenue stream due to the successful rollout of the Enterprise Protection Platform in FY23. The EPP consolidates all of Damstra's software products on to one platform which can be accessed by customers. This rollout is a key step in Damstra's business strategy transition from a product module focus to a customer solution focus. The EPP product, through being a "one stop shop" for customers WMS requirements has resulted in greater customer satisfaction and improved client relationships. This, in turn, has increased the revenue potential of customers and greater monetisation of Damstra's products through improved cross-selling.

The introduction of EPP has enabled Damstra to be more efficient in the manner they innovate and add products to the platform that provide a greater coverage for customer needs. In FY23, Damstra released new products relating to Integration, Permit to work, Mobilisation, Skills, Learning and Self-configuration.

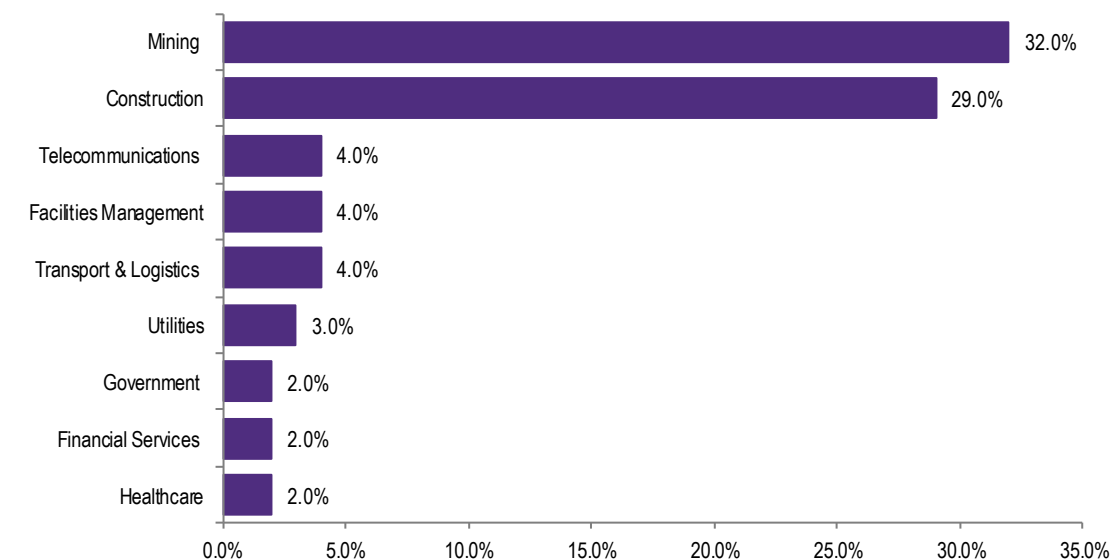
Whilst Damstra's customers continue to be primarily based in Australia, Damstra's FY23 results presentation states that FY23 was the period in which North America became a platform for Damstra's growth with key new customer wins in Barrick Gold and Capstone Copper who contributed an additional A\$1.4 million in revenues. As set out in the Industry section, North America is largest market comprising c. 40% of the global market and also one of the faster growing with an expectation to grow at a CAGR of 12.2% to 2030.

Damstra largely serves Mining customers (including Glencore New Hope Group, Coronado Global Resources Inc, Foxleigh Mine, Barrick Gold and more) and Construction customers (North East Link, CBRE, CPB, John Holland and more) accounting of c. 32.0% and c. 29.0% of FY23 revenue<sup>21</sup>, respectively, followed by Telecommunications customers (accounting for c. 4.0% of FY23 revenue). Below we set out an analysis of Damstra's revenue by industry as at FY23.

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<sup>21</sup> Damstra, FY23 Results Presentation, 24 August 2023

### Revenue by industry

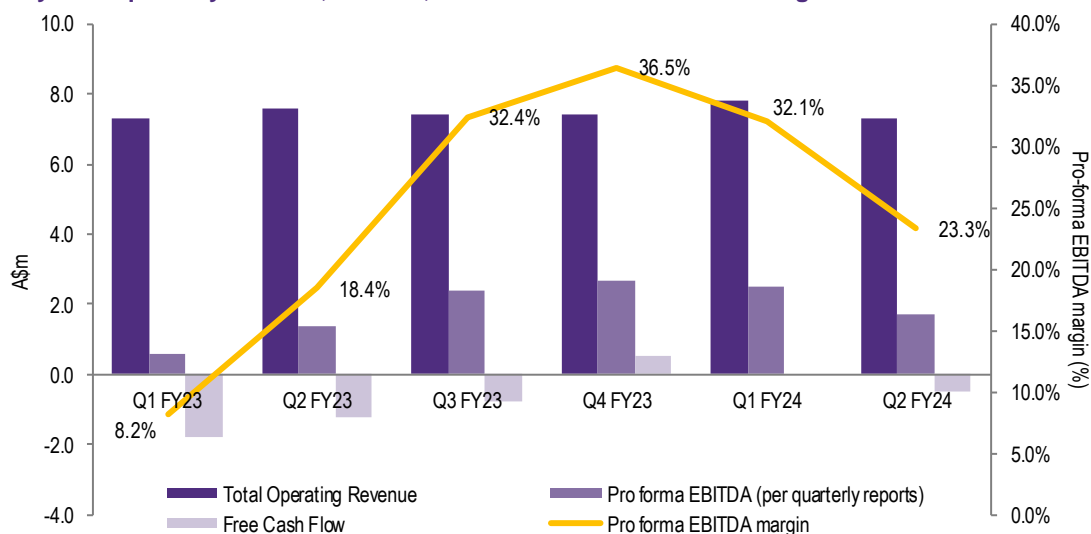


Source: ASX Announcements

In terms of performance, Damstra Management considered that a significant milestone has been reached in that Damstra became free cash flow positive in Q4 FY23. Given operating revenues remained broadly stable, Damstra was able to achieve this positive free cash flow via cost optimisation strategies that reduced Damstra's Research & Development, Sales & Marketing and General & Administrative costs. This also led to subsequent margin expansions with Damstra's EBITDA margin increasing from 8.0% in Q1 FY23 to 36.5% in Q4 FY23.

We note that Damstra returned to being cash flow negative in Q1 and Q2 FY24. However, we understand this was due to one-off circumstances arising from redundancy costs and a late customer payment. Damstra's EBITDA margin has also declined from a high of 36.6% to 23.3%. This is driven by a combination of increased commission provision associated with new client wins, lower capitalised labour expenses and lower operating revenue as a result of the holiday season, which combined for c. A\$500.0k in additional expenses. When adjusted for, the EBITDA margin becomes approximately 32%.

### Analysis of quarterly revenue, EBITDA, free-cash flow and EBITDA margin



Source: ASX Announcements

### 4.3 Financial performance

The table below sets out Damstra's consolidated statements of comprehensive income for FY21, FY22 and FY23 and for H1 FY23 and H1 FY24.

Consolidated statements of financial performance	FY21	FY22	FY23	H1 FY23	H1 FY24
A\$'000s	Audited	Audited	Audited	Unaudited	Unaudited
Operating Revenue	27,053	28,989	29,463	14,780	14,991
Other income	1,674	1,619	636	295	263
Interest revenue	54	43	151	66	73
<b>Total Revenue</b>	<b>28,781</b>	<b>30,651</b>	<b>30,250</b>	<b>15,141</b>	<b>15,327</b>
Employee benefits expenses	(14,755)	(16,016)	(13,197)	(8,697)	(7,209)
Depreciation and amortisation expenses	(11,776)	(16,281)	(16,213)	(8,089)	(6,439)
Impairment of goodwill and other assets	-	(42,336)	(39,800)	-	-
Share of losses of joint ventures accounted for using the equity method	(41)	(38)	(109)	(45)	(41)
Other expenses	(12,002)	(16,330)	(11,931)	(5,504)	(5,617)
Finance costs	(669)	(2,064)	(4,805)	(1,082)	(987)
<b>Loss before income tax expense</b>	<b>(10,462)</b>	<b>(62,414)</b>	<b>(55,805)</b>	<b>(8,276)</b>	<b>(4,966)</b>
Income tax income / (expense)	1,835	(4,738)	-	-	(17)
<b>Loss after income tax expense</b>	<b>(8,627)</b>	<b>(67,152)</b>	<b>(55,805)</b>	<b>(8,276)</b>	<b>(4,983)</b>
<b>Pro forma EBITDA (per annual reports and accounts)</b>	<b>6,633</b>	<b>484</b>	<b>7,242</b>	<b>2,031</b>	<b>3,920</b>
Operating revenue growth	38.2%	7.2%	1.6%	12.0%	1.4%
Pro Forma EBITDA growth	-0.5%	-92.7%	1396.3%	N/A	93.0%
Pro forma EBITDA margin	24.5%	1.7%	24.6%	13.8%	26.2%

Sources: Damstra annual reports, GTCF analysis.

In relation to the above, we note the following:

- Revenue growth in FY21 was driven in part by the COVID-19 pandemic and Damstra's acquisition of Vault in October 2020 as set out in the Business Operations section above. FY22 and FY23 growth was driven by growth in the Software Services segment and the release of the EPP in FY23. H1 FY24 revenue is broadly stable compared with H1 FY23.
- Employee Benefits expenses and other expenses spiked in FY22 due to M&A integration costs and the cost bases of acquired businesses over the prior two years. Damara's cost optimisation strategy saw research & development, sales & marketing and general & administrative expenses decline in FY23.
- Damstra's revenue growth and cost optimisation initiatives has resulted in improved EBITDA margin of 24.6% in FY23, a significant improvement compared to the 1.7% in FY22, and in line with FY21. Damstra's H1 FY23 EBITDA margin of 13.8% demonstrates that cost savings were largely realised in the second half of FY23 and have continued into H1 FY24 with an EBITDA margin of 27.9%.
- Impairments of A\$42.3 million and A\$39.8 million in FY22 and FY23 relate to Damstra's acquisition of Vault in October 2021. Impairments have been recognised in part due to changes in capital market conditions leading to higher weighted average cost of capital and in part due to poor revenue results for the Solo product which was acquired as part of the Vault acquisition.



- Finance costs have increased in line with Damstra's increase in borrowings as set out in the Financial Position section below. Finance costs have also been impacted by a change in the interest rate charged on the facility from a fixed rate of 11.25% in FY22 to a margin of 8.6% above BBSW in FY23.

#### 4.4 Financial position

The table below sets out Damstra's consolidated statement of the financial positions as at 30 June 2021, 30 June 2022, 31 December 2022, 30 June 2023 and 31 December 2023.

Consolidated statements of financial position A\$'000s	30-Jun-21 Audited	30-Jun-22 Audited	31-Dec-22 Unaudited	30-Jun-23 Audited	31-Dec-23 Unaudited
<b>Assets</b>					
Cash and cash equivalents	9,834	9,738	7,775	7,140	5,966
Trade and other receivables	7,321	5,039	3,990	4,162	4,121
Inventories	87	395	103	-	6
Other current assets	924	1,430	1,391	1,209	988
Income tax receivables	261	-	-	-	-
<b>Total current assets</b>	<b>18,427</b>	<b>16,602</b>	<b>13,259</b>	<b>12,511</b>	<b>11,081</b>
Investments accounted for using the equity method	259	221	176	112	71
Property, plant and equipment	7,387	5,194	5,231	4,550	3,887
Right of use assets	2,611	2,848	2,643	2,164	1,435
Intangible assets	131,820	105,214	102,397	59,535	57,571
Deferred tax assets	4,445	-	-	-	257
Other non-current assets	426	544	777	775	409
<b>Total non-current assets</b>	<b>146,948</b>	<b>114,021</b>	<b>111,224</b>	<b>67,136</b>	<b>63,630</b>
<b>Total assets</b>	<b>165,375</b>	<b>130,623</b>	<b>124,483</b>	<b>79,647</b>	<b>74,711</b>
<b>Liabilities</b>					
Trade and other payables	5,923	6,586	5,184	4,361	3,643
Contract liabilities	5,759	4,565	4,788	5,679	5,500
Borrowings	-	-	-	1,458	2,958
Lease liabilities	1,203	1,057	1,462	1,100	745
Employee benefits	2,058	1,969	2,640	2,426	2,842
Deferred income	1,036	458	229	-	-
Provisions	34	817	629	1,157	1,157
Other current liabilities	147	3500	23	-	-
<b>Total current liabilities</b>	<b>16,160</b>	<b>18,952</b>	<b>14,955</b>	<b>16,181</b>	<b>16,845</b>
Contract liabilities	151	149	167	168	168
Borrowings	11,553	10,055	15,387	15,750	14,250
Lease liabilities	1,347	1,949	1,687	1,218	732
Employee benefits	104	187	122	114	31
Deferred income	696	-	-	-	-
<b>Total non-current liabilities</b>	<b>13,851</b>	<b>12,340</b>	<b>17,363</b>	<b>17,250</b>	<b>15,181</b>
<b>Total liabilities</b>	<b>30,011</b>	<b>31,292</b>	<b>32,318</b>	<b>33,431</b>	<b>32,026</b>
<b>Net assets</b>	<b>135,364</b>	<b>99,331</b>	<b>92,165</b>	<b>46,216</b>	<b>42,685</b>
<b>Net debt</b>	<b>4,269</b>	<b>3,323</b>	<b>10,761</b>	<b>12,386</b>	<b>12,719</b>

Sources: Damstra annual reports, GTCF analysis.

We note the following in relation to Damstra's position:

- Cash and cash equivalents reduced by A\$2.6 million in FY23 due to redundancy payments and working capital costs to enable Damstra to become cashflow positive. Cash and cash equivalents declined a further A\$1.8 million due a slow paying customer between H1 FY23 and H1 FY24.
- Trade receivables reduced by A\$0.9 million in FY23 due to the loss of Newmont, a major client of the Company.
- Intangible assets declined by A\$26.6 million in FY22 as a result of a A\$40 million impairment of Damstra's acquisition in Vault offset by c. A\$9.2 million investment in Software (including through business combinations) and A\$2.8 million in customer relationships via the TIKS acquisition in October 2021. Intangible assets further declined in FY23 due a further impairment of Damstra's investment in Vault of A\$39.8 million offset by further investment of A\$6.6 million in Software.
- On 5 June 2023, Damstra renewed and extended its loan facility with Partners for Growth VI, L.P. which was A\$17.5 million at 30 June 2023. The debt is secured and the redemption date is 30 June 2026. However, as discussed in section 1, contingent on the Scheme being implemented, Damstra has agreed the repayment of its debt facility and the termination of warrants held by PFG for an aggregate amount equal to approximately A\$19 million (including all costs and fees associated with the repayment of the facilities and termination of the warrants).

#### 4.5 Cash flows

The table below illustrates the Company's consolidated statements of cash flows for the years ended 30 June 2021, 30 June 2022, 30 June 2023 and half year ended 31 December 2022 and 31 December 2023.

Consolidated statements of cash flow	FY21	FY22	FY23	H1 FY23	H1 FY24
A\$'000s	Audited	Audited	Audited	Unaudited	Unaudited
<b>Cash flows from operating activities</b>					
Receipts from customers	31,736	27,900	33,833	17,273	16,383
Payments to suppliers and employees	(31,256)	(31,803)	(26,745)	(15,132)	(13,004)
Interest received	-	43	151	-	73
Other revenue	1,373	340	-	-	253
Income taxes paid	-	-	-	-	(17)
<b>Net cash inflow from operating activities</b>	<b>1,853</b>	<b>(3,520)</b>	<b>7,239</b>	<b>2,141</b>	<b>3,688</b>
<b>Cash flows from investing activities</b>					
Purchase for purchase of subsidiary, net of cash acquired	-	(2,240)	(3,500)	(3,500)	-
Payment of property, plant and equipment	(2,325)	(1,151)	(1,150)	(720)	(430)
Payment for intangibles	(4,800)	(6,705)	(6,873)	(3,524)	(2,938)
Proceeds from sale of plant and equipment	-	3	-	-	-
<b>Net cash outflow from investing activities</b>	<b>(7,125)</b>	<b>(10,093)</b>	<b>(11,523)</b>	<b>(7,744)</b>	<b>(3,368)</b>
<b>Cash flow from financing activities</b>					
Proceeds from issue of equity securities	390	20,020	-	-	-
Share issue transaction costs	(359)	(1,408)	-	-	-
Interest received	70	-	-	66	-
Interest and other finance costs paid	(669)	(1,410)	(1,788)	(782)	(987)
Proceed from borrowings	13,421	9,000	5,000	5,000	-
Repayment of borrowings	(3,536)	(11,497)	(571)	(121)	(128)
Repayment of lease liabilities	(3,217)	(831)	(1,006)	(522)	(428)
Transaction costs	(359)	-	-	-	-
<b>Net cash (outflow)/inflow from financing activities</b>	<b>5,741</b>	<b>13,874</b>	<b>1,635</b>	<b>3,641</b>	<b>(1,543)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>469</b>	<b>261</b>	<b>(2,649)</b>	<b>(1,962)</b>	<b>(1,223)</b>
Cash and cash equivalents at the beginning of the financial year	9,365	9,834	10,095	10,095	7,446
<b>Cash and cash equivalents at year end</b>	<b>9,834</b>	<b>10,095</b>	<b>7,446</b>	<b>8,133</b>	<b>6,223</b>

Sources: Damstra annual reports, GTCF analysis

We note the following in relation to the statement of cash flows:

- Cashflows from operating activities was positive, recording A\$7.2 million inflow in FY23 compared to a A\$3.5 million outflow in FY22. This was driven by the cost saving initiative Damstra implemented in FY22.
- Cashflows from investing activities were largely stable across FY22 and FY23, relative to FY21, increasing by A\$1.4 million which largely relates to the acquisition of TIKs in October 2021. The increase compared with FY21 is driven by business combinations and investment in intangibles offset by lower investment in property, plant and equipment.
- Cashflows from financing activities spiked in FY22 with inflows of A\$13.9 million driven by equity capital raise of A\$20.0 million, offset by A\$1.4 million of transaction costs, further offset by a net repayment of borrowings.

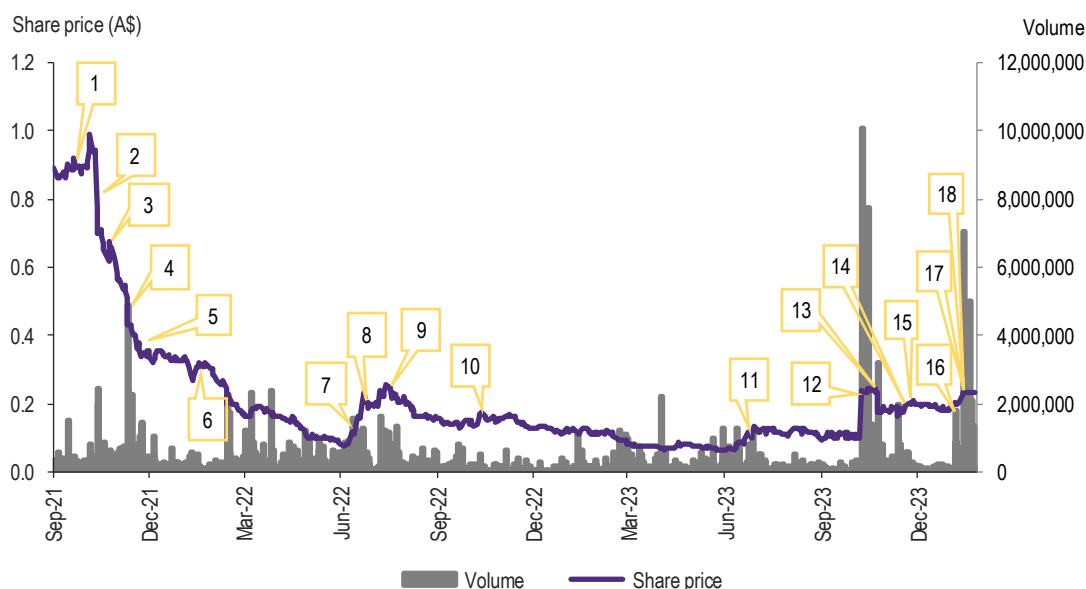
## 4.6 Capital Structure

As at 16 February 2024, Damstra has 258,652,689 fully paid ordinary shares. There are currently no shares on issue under mandatory escrow restrictions, however there are the following:

- 43,090,775 unquoted options expiring between 20 September 2026 and 8 December 2038 with an exercise price varying between nil to A\$3.2375;
- 14 unlisted warrants expiring between 30 June 2028 and 18 July 2030 with an exercise price varying between A\$0.1 to A\$1.3 on issue.

Our analysis of the daily movements in Damstra's share price and volumes for the period from September 2021 are set out below:

### Damstra Share Price Analysis



Sources: S&P Capital, GTCF analysis.

The following table illustrates the key events from September 2021 to 31 December 2023 ("Valuation Date"), which may have affected the share price and volume movements shown above.

Event	Date	Comments
1	30-Sep-21	Damstra announced it had entered into a share sale agreement to acquire 100.0% of TIKS Solutions Pty Ltd for a consideration of A\$18.0 million.
2	28-Oct-21	Damstra released its quarterly business update for the quarter ended 30 September 2023 (Q1 FY22), as summarised below: <ul style="list-style-type: none"> <li>- Acquisition of TIKS Solutions Pty Ltd completed in October 2021</li> <li>- Newmont descopeing its arrangements with Damstra so that they could internalise their hardware and site access requirements.</li> </ul>
3	08-Nov-21	Reopening of borders and lifting restrictions in Australia from the COVID-19 pandemic
4	26-Nov-21	Damstra released its AGM CEO Presentation for the FY21 period, as summarised below: <ul style="list-style-type: none"> <li>- FY21 EBITDA margin was 24.0%, down 11.0% compared to the prior period.</li> <li>- CEO outlines that due to the dispute in relation to contractual committees from SurePlan arising from the Vault acquisition and the descopeing of Newmont, investor sentiment has reduced.</li> </ul>

Event	Date	Comments
5	02-Dec-21	<p>Damstra announced a fully underwritten A\$20.0 million capital raise, as summarised below:</p> <ul style="list-style-type: none"> <li>- Raising an institutional placement for A\$10.0 million at A\$0.34 per share, and entitlement offer for eligible security holders for A\$10.0 million at A\$0.34 per share.</li> <li>- Priced at a 15.0% discount to the 1 December 2021 last close of A\$0.40 per share.</li> <li>- The funds will be used for the growth in sales and resources, the TIKS deferred consideration payment and further development in the Damstra Platform.</li> </ul>
6	31-Jan-22	<p>Damstra released its quarterly activities report for the period ending 31 December 2021 (Q2 FY22) as summarised below:</p> <ul style="list-style-type: none"> <li>- Quarterly revenue of A\$7.2 million was up 16.0% against Q1, and H1 FY22 up 16.0% compared to the prior period.</li> <li>- Re-signed contracts from NBN and John Holland Group, both growing H1 FY22 revenue by c. 20.0% compared to the prior period.</li> <li>- 30 new clients in the quarter, bringing the total number of clients to 763.</li> </ul>
7	02-May-22	Damstra announces that its client Barrick Gold (Holdings) Limited have signed a master services agreement for a three-year period, covering three Barrick mine sites.
8	07-Jul-22	Damstra released an announcement in regard to the media speculation in relation to a unsolicited, confidential, non-binding and indicative proposal from Accel-KKR. However, Damstra confirmed the discussions in relation to the proposal have concluded.
9	25-Aug-22	<p>Damstra released its FY22 Annual Report for the period ending 30 June 2022, as summarised below:</p> <ul style="list-style-type: none"> <li>- Revenue recorded was A\$29.3 million, up 18.0% from FY21</li> <li>- 108% net client retention, up 8.0% compared to the prior period, total number of clients at 953</li> <li>- Several North American clients won and construction vertical growth continues</li> </ul>
10	29-Oct-22	<p>Damstra released its quarterly report for the period ending 30 September 2022 (Q1 FY23), as summarised below:</p> <ul style="list-style-type: none"> <li>- Revenue of A\$7.4 million, was up 25.0% compared to the prior period.</li> <li>- Barrick Gold project starts in early November which covers c. 18,000 workers over 3 sites in 3 different countries</li> <li>- Cost savings of A\$8.0 million was achieved, whilst not impacting any revenue growth</li> </ul>
11	17-Jul-23	Over this period, Damstra announced the signing of 2 major clients, Foxleigh Mine and Stanwell Corporation, which over a combined c. 3,000 users. In addition, Damstra announced its signing of additional Barrick mines site (Tanzania and Zambia) worth US\$0.4 million. Furthermore Damstra generated a positive free cash flow of A\$0.5 million, compared to FY22 of negative A\$13.6 million.
12	25-Oct-23	Damstra announces it received a conditional, non-binding, indicative proposals from multiples parties, including Mitrastech Holdings, Inc, to acquire 100.0% of Damstra for A\$0.30 cash per share by a way of scheme of arrangement. Mitrastech will conduct due diligence for four weeks after an agreement by the Board of Damstra.
13	10-Nov-23	Damstra announced that Mitrastech withdrew its offer and have re-engaged with Ideagen Limited for an indicative proposal to acquire 100.0% of Damstra for A\$0.27 cash per share by way of scheme of arrangement.
14	23-Nov-23	Damstra announces an independent board committee has been formed to consider the conditional, non-binding, indicative proposal by Ideagen to acquire 100.0% of Damstra for A\$0.27 cash per share by way of scheme of arrangement. Ideagen will commence due diligence for four weeks on an exclusive basis, which was agreed upon by the independent board committee.
15	22-Dec-23	Damstra announces that Ideagen reconfirms its Proposal offer announced on 10 November 2023 and has agreed with Damstra to extend the due diligence period to 25 January 2024.
16	22-Jan-2024	Damstra announces Ideagen has revised its offer to A\$0.24 per share following a period of due diligence. The revised offer is a conditional, indicative, non-binding offer subject to completion of due diligence and the finalisation of the SID.
17	29-Jan-24	Damstra announces it a SID with Ideagen, under which Ideagen will acquire 100% of Damstra by way of scheme of arrangement for A\$0.24 cash per share, representing a 140% premium on Damstra's undisturbed share price on 24 October 2023.
18	31-Jan-24	<p>Damstra releases its quarterly report for the period ending 31 December 2023 (Q2 FY24), as summarised below:</p> <ul style="list-style-type: none"> <li>- Seventh consecutive quarter generating positive operating cash flow</li> <li>- EBITDA A\$1.7m vs pcp of A\$1.4m</li> <li>- Cost reduction initiative delivering c. A\$9.0 million in annualised savings for FY23</li> </ul>

Source: Damstra ASX announcements and various news articles.

The trading prices and volume of Damstra Shares over the last 12 months is set out in the table below.

Damstra Holdings Limited	Share Price			Average weekly volume '000'
	High \$	Low \$	Close \$	
<b>Month ended</b>				
Dec 2022	0.155	0.120	0.130	477
Jan 2023	0.140	0.105	0.120	930
Feb 2023	0.130	0.105	0.110	691
Mar 2023	0.115	0.072	0.074	2,058
Apr 2023	0.077	0.062	0.068	1,385
May 2023	0.090	0.067	0.074	800
Jun 2023	0.088	0.063	0.085	2,129
Jul 2023	0.140	0.080	0.120	1,387
Aug 2023	0.135	0.105	0.120	636
Sep 2023	0.130	0.090	0.100	560
Oct 2023	0.265	0.095	0.245	6,776
Nov 2023	0.250	0.160	0.170	2,843
Dec 2023	0.215	0.170	0.190	880
<b>Week ended</b>				
15 Sep 2023	0.120	0.100	0.100	667
22 Sep 2023	0.115	0.090	0.115	698
29 Sep 2023	0.115	0.100	0.100	166
6 Oct 2023	0.115	0.100	0.113	565
13 Oct 2023	0.115	0.100	0.100	279
20 Oct 2023	0.110	0.095	0.100	838
27 Oct 2023	0.265	0.097	0.235	19,449
3 Nov 2023	0.250	0.230	0.240	11,379
10 Nov 2023	0.245	0.175	0.175	4,222
17 Nov 2023	0.190	0.160	0.180	2,073
24 Nov 2023	0.195	0.170	0.185	1,079
1 Dec 2023	0.190	0.160	0.185	3,225
8 Dec 2023	0.200	0.175	0.200	1,383
15 Dec 2023	0.210	0.195	0.200	742
22 Dec 2023	0.215	0.185	0.195	562
29 Dec 2023	0.200	0.190	0.190	224

Sources: S&P Capital, GTCF analysis.

We have set out below Damstra's top 10 shareholders:

Top 10 shareholders as at 30 June 2023			
Rank	Name	No. of shares	Interest (%)
1	National Nominees Limited	15,171,033	5.9%
2	Damstra Pty Ltd (Damstra Family)	14,376,272	5.6%
3	Panton Hill Super Fund	12,531,018	4.5%
4	Citicorp Nominees Pty Limited	11,707,676	4.5%
5	Chocolate Pearl Pty Ltd	10,649,733	4.1%
6	Risjef Pty Ltd	8,751,732	3.4%
7	S&A Marciano Pty Ltd	8,160,000	3.2%
8	UBS Nominees Pty Ltd	7,865,932	3.1%
9	HSBC Custody Nominees (Australia) Limited	7,007,296	2.7%
10	Weinman Super Fund	5,709,228	2.2%
<b>Top 10 shareholders total</b>		<b>101,929,920</b>	<b>39.6%</b>
<b>Remaining shares</b>		<b>155,634,093</b>	<b>60.4%</b>
<b>Total ordinary shares outstanding</b>		<b>257,564,013</b>	<b>100.0%</b>

Sources: S&P Global, GTCF analysis

## 5 Valuation methodologies

### 5.1 Introduction

Grant Thornton Corporate Finance has assessed the value of Damstra using the fair market value standard of value. Fair market value is commonly defined as:

*“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”*

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

### 5.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow and the estimated realisable value of any surplus assets (“DCF Method”).
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets (“FME Method”).
- Amount available for distribution to security holders in an orderly realisation of assets (“NAV Method”).
- Quoted price for listed securities, when there is a liquid and active market (“Quoted Security Price Method”).
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG 111 does not prescribe any above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert’s skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

### 5.3 Selected valuation methods

Grant Thornton Corporate Finance has relied on the following valuation methodologies:

- *DCF Method* - We have undertaken a valuation assessment of Damstra utilising the DCF Method. Grant Thornton Corporate Finance has built the GT Model based on an extrapolation of the data provided by Management and benchmarking exercises with broker reports and publicly available information.
- *Revenue Multiple method* - Revenue multiples are widely used to benchmark the value of technology companies. Given the growth stage of Damstra's lifecycle, with no steady state positive EBITDA, we consider EV/Revenue multiples appropriate to the valuation assessment.
- *Quoted Security Price Method* - The Quoted Security Price Method is based on the Efficient Market Hypothesis, which assumes that the share price at any point in time reflects all publicly available information and will change when new information becomes publicly available. We note that in the absence of a takeover or other share offer, the trading share price represents the value at which minority shareholders could realise their portfolio investment. We have considered the share price in our valuation assessment, however we have placed limited reliance on it given the lack of liquidity.



## 6 Valuation assessment of Damstra

As discussed in section 5.3, we have assessed the fair market value of Damstra on a control basis having regards to the DCF Method which is summarised in the table below.

DCF Method - valuation summary A\$Mn	Section Reference	Low	High
Enterprise value (control basis)		74.2	95.4
Less: Pro-forma adjusted net debt	6.1.2	(22.3)	(22.3)
<b>Equity value (control basis)</b>		<b>52.0</b>	<b>73.2</b>
Number of shares outstanding (Mn) (fully diluted)	6.1.3	258.7	258.7
<b>Value per share (control basis) (A\$ per share)</b>		<b>0.20</b>	<b>0.28</b>

Source: Management, GTCF analysis

Based on our analysis, we have assessed the fair market value per Damstra share in the range of A\$0.20 and A\$0.28, on a control basis.

### 6.1 Internal Projections and GT Model

For the purpose of our valuation assessment of Damstra utilising the DCF Method, Grant Thornton Corporate Finance was provided with the Internal Projections for the Company for the period FY24 to FY29. In our valuation assessment, we have integrated the Internal Projections into our GT Model and we have extended them to allow the business to reach a steady state revenue growth and a normalised EBITDA margin. Our valuation assessment is based on the net present value of the nominal post tax, pre-debt free cash flows.

In accordance with the requirement of RG111, we have undertaken a critical analysis of the Internal Projections before relying on them for the purpose of our valuation assessment. Specifically, we have undertaken the following procedures:

- Reviewed the historical and YTD financial performance of Damstra, broker estimates and trends, risks and opportunities in the industry.
- Conducted high level checks, including limited procedures in relation to the mathematical accuracy of the model.
- Tested certain key revenue and margin assumptions underlying the Internal Projections against those of comparable listed peers.
- Performed a broad review, critical analysis and benchmarking with the historical performance of Damstra and current trends in the industry.
- Held discussions and interviews with Management of the Company.

The Internal Projections are high level in nature and some of the key assumptions are inherently subject to considerable uncertainty and there is significant scope for differences of opinion. Based on the benchmark undertaken with other listed peers, the market as whole and the current growth opportunities of the business, we have modelled alternative growth assumptions which have resulted in a range of a potential valuation outcomes.

Whilst Grant Thornton Corporate Finance has adjusted the forecasts provided by Management, we have not disclosed them in our IER as they contain commercially sensitive information and they do not meet the requirements for presentation of prospective financial information as set out in ASIC Regulatory Guide 170 “Prospective Financial Information”.

The assumptions adopted by Grant Thornton Corporate Finance do not represent projections by Grant Thornton Corporate Finance but are intended to reflect the assumptions that could reasonably be adopted by industry participants in their pricing of similar businesses. We note that the assumptions are inherently subject to considerable uncertainty and there is significant scope for differences of opinion. It should be noted that the value of Damstra could vary materially based on changes to certain key assumptions.

#### 6.1.1 Key valuation assumptions

We have considered three overarching drivers that have guided our assessment:

1. *Geographical expansion* - Damstra’s forecast revenue reflects growth in the existing ANZ customer base as well as continued expansion into the North America and Asia-Pacific markets. All of Management’s cases provided in the Internal Projections predict the Company will grow at a flat rate during the discrete forecast period. This is in contrast to forecasts provided by brokers who initially forecast a growth rate higher than Damstra’s recent performance which then tapers down in later periods. We have had regard to Damstra’s recent contract wins, particularly in its new geographical markets, as well as the forecast growth of the global WMS industry in ANZ, North America and Asia-Pacific.
2. *Shift in product mix* - As set out in section 4.2, since FY19, Damstra has generated an increased proportion of its revenue from software services of which revenue is generated in the form of subscription and licence fees. These revenue sources can be scaled and are also more stable through customers agreeing to multi-year contracts, hence reducing customer churn. This has resulted in broadly 90% of Damstra’s revenue being recurring. As Damstra continues to focus on these revenue sources it is reasonable to expect Damstra’s ARR% to be maintained or even increase in the future.
3. *Cost reduction initiative* - As discussed previously, based on recent Company announcements and discussions with the Management, Damstra has been working on several cost optimisation strategies that reduced the Company’s research & development, sales & marketing and general & administrative costs. This also led to subsequent margin expansions with the Company integrating its product offerings, including reducing overlapping resources, retirement of legacy platforms and reduction of business support costs among others which are expected to drive margin expansion and offer economies of scale. As a result, Damstra expects to witness an annualised cost savings of c. A\$3.0 million in FY24 which is also expected to support a sustainable free cash flow generation.

#### Revenue:

- **FY24** - Management have provided us with a revised FY24 revenue which has been updated to reflect Damstra's actual H1 FY24 performance. Despite Damstra's actual H1 FY24 revenue being marginally behind budget, we have adopted Management's unadjusted H2 FY24 revenue forecast based on our discussion with Management.
- **FY25 to FY26** - We have assumed growth of between 13.4% and 15.0% in line with the forecast growth of the global WMS industry and Asia-Pacific segment respectively. We consider these scenarios broadly capture Damstra's expansion into faster growth geographical segments outside of ANZ, which has a forecast growth of 11.3%.
- **FY27 & beyond** - We have assumed that as Damstra increases in size and consolidates its position in North America and Asia-Pacific segments, its growth will trend towards 2.5% (perpetuity growth rate) over a number of years in line with the mid-point of RBA's target inflation range.

Below we present Damstra's historical revenue growth and the forecast revenue growth indicated by broker and industry consensus which we have used to guide our revenue growth assumptions using the DCF Method.

Revenue growth	FY21	FY22	FY23	FY24	FY25-FY26	FY27 & beyond
<b>Damstra</b>	<b>39.7%</b>	<b>6.0%</b>	<b>1.6%</b>			
<b>Broker consensus</b>						
Broker 1 (Oct23)				8.5%	8.1%	NA
Broker 2 (May23)				6.6%	10.6%	NA
Broker 3 (Feb23)				13.0%	8.0%	NA
<b>Median (Broker consensus)</b>				<b>8.5%</b>	<b>8.1%</b>	<b>NA</b>
<b>Industry consensus</b>						
APAC integrated WMS CAGR (2023-2030)				<-----15.0%----->		
Global integrated WMS CAGR (2023-2030)				<-----13.4%----->		
<b>Median (Industry consensus)</b>				<b>14.2%</b>		
<b>GT assumptions (Low)</b>				<b>9.0%</b>	<b>13.4%</b>	<b>13.4% to 2.5%</b>
<b>GT assumptions (High)</b>				<b>9.0%</b>	<b>15.0%</b>	<b>15.0% to 2.5%</b>

Source: Management, Blackpeak Capital sector update dated 31 July 2023, Grand View Research market analysis report dated 25 October 2023, Broker reports and GTCF analysis

Our assumed growth profile is a level above that of the broker estimates having regard to Damstra's recent contract wins, expansions and extensions that are moving towards implementation, the Company's current run rate, migration to the EPP, and increasing focus on the health and safety business verticals which are expected to further drive subscription revenue growth. Overall, we have leveraged the revenue growth forecast estimates of brokers, the industry and comparable listed peers to guide our revenue growth assumptions in the DCF Method.

#### EBITDA margin:

- **FY24** - We have assumed an EBITDA margin of 26.2% in line with Damstra's H1 FY24 performance.

- FY25 onwards** - We have assumed that Damstra's margin will gradually increase to an assumed long term sustainable EBITDA margin of 35.0%. We consider that as Damstra increases in size and slows down in terms of growth, the Company will achieve economies of scale and also be able to reduce certain revenue growth associated costs such as research & development and sales & marketing which will result in margin expansion. We note Damstra has recently been successful in implementing several cost optimisation strategies which resulted in improved margins with a corresponding decline in growth compared to prior historical periods. As set out in the analysis below, our assumed long term EBITDA margin of 35.0% is in line with the latest broker forecast as well as with ReadyTech which is larger and already at scale among the group. The other companies are still in a growth phase of their life cycles and the EBITDA% is affected by significant re-investment in research & development and sales & marketing. We have summarised our benchmarking in the table below.

EBITDA Margin	FY21	FY22	FY23	FY24	FY25	FY26	FY27 & beyond
<b>Damstra</b>	<b>24.2%</b>	<b>1.8%</b>	<b>23.9%</b>				
<b>Broker consensus</b>							
Broker 1 (Oct23)				29.0%	33.3%	35.7%	
Broker 2 (May23)				28.3%	26.9%	NA	
Broker 3 (Feb23)				23.1%	24.8%	NA	
<b>Median (Broker consensus)</b>				<b>28.3%</b>	<b>26.9%</b>	<b>35.7%</b>	
<b>Average (Broker consensus)</b>				<b>26.8%</b>	<b>28.3%</b>	<b>35.7%</b>	
<b>Trading peers</b>							
<i>Tier 1 - WMS</i>							
Kinatico Ltd	1.3%	4.2%	9.3%	12.6%	16.9%	NA	
ActiveOps Plc	2.0%	(1.3%)	2.7%	3.7%	6.7%	7.8%	
Prophecy International Holdings Limited	(12.9%)	(0.4%)	(7.5%)	NA	NA	NA	
<b>Median (Tier 1 peer margins)</b>	<b>1.3%</b>	<b>(0.4%)</b>	<b>2.7%</b>	<b>8.2%</b>	<b>11.8%</b>	<b>7.8%</b>	
<b>Average (Tier 1 peer margins)</b>	<b>(3.2%)</b>	<b>0.8%</b>	<b>1.5%</b>	<b>8.2%</b>	<b>11.8%</b>	<b>7.8%</b>	
<i>Tier 2 - Other SaaS</i>							
ReadyTech Holdings Limited	37.7%	35.1%	32.0%	33.2%	34.9%	36.4%	
Bigtincan Holdings Limited	(13.9%)	3.2%	6.2%	11.2%	13.0%	13.2%	
Blackline Safety Corp.	(52.9%)	(61.7%)	(14.3%)	2.3%	6.3%	8.1%	
<b>Median (Tier 2 peer margins)</b>	<b>(13.9%)</b>	<b>3.2%</b>	<b>6.2%</b>	<b>11.2%</b>	<b>13.0%</b>	<b>13.2%</b>	
<b>Average (Tier 2 peer margins)</b>	<b>(9.7%)</b>	<b>(7.8%)</b>	<b>7.9%</b>	<b>15.5%</b>	<b>18.1%</b>	<b>19.2%</b>	
<b>GT assumptions</b>				<b>26.2%</b>	<b>26.7%</b>	<b>27.3%</b>	<b>27.9% to 35.0%</b>

Source: S&P Global, Management, Broker reports, GTCF analysis

#### EBIT Margin:

We have estimated that Damstra's EBIT margin will gradually increase to 25.0%. This assumption is internally consistent with our long-term EBITDA assumption of 35.0% and long term depreciation and amortisation rate of 10.0% (see explanation below) which is in line with our assumed long term capital expenditure.

### Capital Expenditure:

- **FY24** - We have assumed capital expenditure of 22.5% of revenue in line with Damstra's H1 FY24 performance.
- **FY25 onwards** - As Damstra's revenue growth declines over the same period, we have assumed a corresponding decline in capital expenditure (as a % of revenue) to 10.0%. This is in line with Management's long term expectations and is broadly in line with the broker consensus and upper bound of the forecast margin of our identified Tier 2 listed comparable peers, as set out below.

CapEx Margin	FY21	FY22	FY23	FY24	FY25	FY26	FY27 & beyond
<b>Damstra</b>	<b>26.0%</b>	<b>27.1%</b>	<b>27.2%</b>				
<b>Broker consensus</b>							
Broker 1 (Oct23)				27.2%	15.9%	19.3%	
Broker 2 (May23)				14.0%	13.2%	NA	
Broker 3 (Feb23)				10.7%	9.9%	NA	
<b>Median (Broker consensus)</b>				<b>14.0%</b>	<b>13.2%</b>	<b>19.3%</b>	
<b>Average (Broker consensus)</b>				<b>17.3%</b>	<b>13.0%</b>	<b>19.3%</b>	
<b>Tier 2 - Trading peers</b>							
ReadyTech Holdings Limited	0.8%	0.7%	1.4%	15.0%	14.5%	13.7%	
<b>GT assumptions</b>				<b>22.5%</b>	<b>21.2%</b>	<b>20.0%</b>	<b>18.7% to 10.0%</b>

Source: S&P Global, Management, Broker reports, GTCF analysis

### Other assumptions

- **Tax rate:** We have assessed Damstra's tax expense at 30.0% in line with the corporate tax rate in Australia for a pool of potential purchasers. In our valuation assessment, we have not attributed any value to the existing tax losses given the difficulty for interested parties to meet the same ownership test or the continuity of business test required by the Australian Taxation Office to utilise them.
- **Working capital:** We have assumed a working capital balance of 26.4% of revenue, in line with Damstra's historical average between FY20 and FY23. We note, Damstra's working capital balance has been relatively stable between 24.0% to 28.0% between FY20 and FY23.
- **Inflation and terminal growth rate:** The GT Model has been prepared in nominal terms with the inflationary impact factored into the cashflows. At the end of the discrete forecast period, we have adopted an inflation rate and a terminal growth rate of 2.5% in line with the mid-point of the RBA's inflation target range. We have estimated the terminal value of Damstra using the Gordon Growth Model.
- **Discount rate:** We have assessed a discount rate (WACC) of between 11.5% and 12.5%. Refer to Appendix C for further details on the assessment of this discount rate range.

### 6.1.2 Net Debt

In order to determine the equity value of Damstra, net debt balance is subtracted from the enterprise value as determined using the DCF Method. We have set out below our calculation of Damstra's pro-forma

adjusted net debt, which adjusts Damstra's net debt as at 31 December 2023 for the Company's repayment of its borrowings from PFG and a series of cash settlements for options, warrants, conditional risks and other cash incentives, which have been agreed as part of the Scheme.

<b>Pro-forma adjusted net debt</b>	<i>Note</i>	
A\$m		
Borrowings	1	17.2
Lease Liabilities	2	1.5
<b>Total Debt</b>		<b>18.7</b>
Less: Cash		(6.0)
Add: Cash Settlements		
<i>Out of the money options</i>	3	0.1
<i>Zero exercise price options</i>	4	6.1
<i>Warrants</i>	5	1.7
<i>Conditional rights</i>	6	0.8
<i>Cash Incentives</i>	7	0.9
<b>Pro-forma adjusted net debt</b>		<b>22.3</b>

Source: Management, GTCF analysis

Note 1 – Refers to the PFG debt outstanding as at 31 December 2023. We note that, as part of the Scheme, Damstra has agreed to immediately repay the debt outstanding and settle, in cash, the warrants also held by PFG (see Note 5) for a total consideration of c. A\$19.0 million (including transaction costs).

Note 2 – The lease liabilities are treated as a financial expense in the cash flows and accordingly we have taken them into account separately in our net debt calculation.

Note 3 – Refers to the cash settlements of 5,387,903 OOM options for a consideration that will not exceed A\$150,000.

Note 4 – Of 37,702,872 ZEP options on issue, 25,673,320 will be cancelled for \$0.24 per ZEP Option for a total consideration of A\$6.1 million (which Ideagen will pay in cash to each holder) and 12,029,552 unvested ZEP Options will be cancelled for nil consideration.

Note 5 – Damstra and PFG have agreed to simultaneously terminate all warrants in Damstra held by PFG and also repay all of Damstra's outstanding debt owed to PFG for a total consideration of A\$19.0 million. The warrants will be settled in exchange for cash settlement of c.\$1.7 million (being the net exercise cost of the exercisable Damstra Warrants into 13,200,261 Damstra Shares assuming the Scheme Consideration of \$0.24 per Damstra Share) to be paid by Ideagen to PFG on the Scheme Implementation Date.

Note 6 – The Damstra Board has directed that certain senior management team members who, in aggregate, hold of 3,222,064 Conditional Rights will receive approximately A\$800.0 thousand as a cash settlement for these rights.

Note 7 - The Damstra Board has directed that participants in the STI Plan will have their FY24 STI cash entitlements lapsed for nil consideration and most participants in the LTI Plan will be paid out 80% and 33% of their long term cash incentive entitlements for FY23 and FY24, respectively. The aggregate amount of the Cash Incentives to be paid out is A\$882,246.

In accordance with the terms of the SID, Damstra has agreed to cash settle for A\$9.6 million out of the money options, zero exercise price options, conditional rights, warrants and cash incentives immediately before implementation of the Scheme. We have considered this a reasonable proxy for the fair market value of the existing performance incentive instruments.

#### 6.1.3 Number of shares outstanding

As at 16 February 2024, there are 258,652,689 ordinary shares on issue.

#### 6.1.4 Sensitivity Analysis

It should be noted that the enterprise value of Damstra could vary materially based on changes in certain key assumptions. Accordingly, we have conducted a sensitivity analysis to highlight the impact on Damstra's enterprise value caused by movements in certain key assumptions. The following table summarises our results:

DCF Method - Sensitivity Analysis				
	Low	High	Low	High
<b>Enterprise value (control basis)</b>	<b>74.2</b>	<b>95.4</b>		
<i>Discount Rate</i>				
+ 0.5%	69.0	88.1	(7.0%)	(7.7%)
- 0.5%	80.1	103.8	7.9%	8.7%
<i>Terminal Growth Rate</i>				
+ 0.5%	77.2	100.0	4.1%	4.8%
- 0.5%	71.5	91.3	(3.7%)	(4.3%)

Source: GTCF analysis

These sensitivities do not represent a range of potential enterprise values for Damstra, but rather they intend to demonstrate the sensitivity of our valuation assessment to changes in certain variables.

## 6.2 Revenue Multiple Method

In the valuation cross check, Grant Thornton Corporate Finance has considered the Revenue Multiples of listed companies and private transactions that are broadly comparable to Damstra and compared them with the Revenue Multiple implied in the DCF approach. The identification of comparable companies is a matter of judgement and involves consideration of a number of factors including the business focus, operations and size, geographic and product reach and financial performance.

Revenue multiples are widely used as a benchmark to value companies that operate in the WMS industry. This is because companies in this industry are typically fast growing and loss-making or have recently become profitable. It is also due to companies employing a different accounting treatment of research & development costs which can inhibit the comparability of earnings multiples (for example EBITDA) from one company to the other. For this reason, we have focused on revenue multiples but have sought to consider profitability and capital expenditure to also take into account profitability of the businesses and investment required in software/product developments.

As set out below, our DCF Method valuation suggests Damstra has an implied FY23 revenue multiple between 2.5x and 3.2x and FY24 revenue multiple between 2.3x and 3.0x.

Implied EV/Revenue Multiples		
A\$'Mn	Low	High
<b>Enterprise Value<sup>1</sup></b>	<b>74.2</b>	<b>95.4</b>
FY23 Revenue	29.5	29.5
FY24 Revenue (Forecast) <sup>2</sup>	32.1	32.1
FY23 Revenue Multiple	2.5x	3.2x
FY24 Revenue Multiple	2.3x	3.0x

Source: Management, S&P Global and GTCF analysis

Notes: (1) Enterprise value computed from the DCF method (section 6.1). (2) FY24 Revenue forecast is based on the actual H1 FY24 performance and H2 FY24 forecasts having consideration for the FY24 broker consensus of A\$32.0 million.

### 6.2.1 Listed peers

In our research for listed peers, we have initially focused on companies that operate in the WMS industry and are based in Australia where Damstra generates c.80.0% of its revenue. We have also expanded our search to include New Zealand and North America, being the next two largest regions Damstra is exposed to and Canada and the UK on the basis that we consider these broadly comparable markets to Australia.

We have selected two tiers of comparable listed companies (a brief description of the comparable companies is set out in Appendix D):

- Tier 1 consists of mid-sized companies that broadly provide similar enterprise protection software, with a focus on integrated workplace management solutions.
- Tier 2 includes larger and more diversified companies that provide software solutions to clients and operate in the SaaS space.

For the purposes of our cross check and to enhance the comparability with the Revenue Multiple implied in the DCF Method, we have adjusted our Trading Multiples to reflect a premium for control of 30.0%. Our assumption regarding premium for control is based on evidence from studies suggesting that the premium for control on successful takeovers has frequently been in the range of 20.0% to 40.0% in Australia. Please see Appendix F for further detail.

We note that the Scheme Consideration implies a materially higher premium on Damstra's unaffected share price of 140.0%<sup>22</sup>. As discussed in section 6.3, in our opinion, the Damstra's unaffected share price may reflect an element of financial distress in the business in light of recent impairments of the Vault acquisition, general market declines in the industry and the high gearing and cost of debt of Damstra relative to other companies operating in the industry. As a result the unaffected share price may not necessarily be reflective of the underlying fair market value.

<sup>22</sup> Based off Damstra's assumed undisturbed trading price of A\$0.10 as at 24 October 2023, being the day prior to the announcement of Ideagen's proposal. This is in line with analysis set out in the SID.



Trading multiple analysis			EV/Revenue				
Company	Country	EV in A\$Mn	FY22	FY23	FY24	FY25	FY26
<b>Tier 1 - WMS</b>							
Kinatico Ltd	Australia	57	2.2 x	2.1 x	2.0 x	1.7 x	NA
ActiveOps Plc	United Kingdom	149	3.5 x	3.1 x	2.9 x	2.7 x	2.5 x
Prophecy International Holdings Limited	Australia	45	2.7 x	2.2 x	NA	NA	NA
<b>Median</b>			<b>2.7 x</b>	<b>2.2 x</b>	<b>2.4 x</b>	<b>2.2 x</b>	<b>2.5 x</b>
<b>Average</b>			<b>2.8 x</b>	<b>2.5 x</b>	<b>2.4 x</b>	<b>2.2 x</b>	<b>2.5 x</b>
<b>Tier 2 - Other SaaS</b>							
ReadyTech Holdings Limited	Australia	565	7.2 x	5.5 x	4.8 x	4.2 x	3.7 x
Bigtincan Holdings Limited	Australia	128	1.2 x	1.0 x	0.9 x	0.9 x	0.8 x
Blackline Safety Corp.	Canada	375	4.6 x	3.3 x	2.5 x	1.9 x	1.5 x
<b>Median</b>			<b>4.6 x</b>	<b>3.3 x</b>	<b>2.5 x</b>	<b>1.9 x</b>	<b>1.5 x</b>
<b>Average</b>			<b>4.3 x</b>	<b>3.3 x</b>	<b>2.7 x</b>	<b>2.3 x</b>	<b>2.0 x</b>

Source: Management, S&P Global and GTCF analysis

In order to provide further insights on the level of comparability of the listed peers we have analysed below certain KPIs such as revenue growth rate, EBITDA margin and EBITDA less capex, which is considered a proxy for cash EBITDA and mitigate the impact of differing accounting policies.

Peer KPI analysis							Revenue CAGR	
Company	FY21	FY22	FY23	FY24	FY25	FY26	3 Yrs historical	2Yrs forecast
<b>Tier 1 - SaaS-based workforce management and compliance technology systems</b>								
<b>Kinatico Ltd</b>								
Revenue Growth	39.7%	46.7%	5.0%	5.8%	13.3%	NA	29.1%	9.5%
EBITDA Margin	1.3%	4.2%	9.3%	12.6%	16.9%	NA		
EBITDA less CapEx Margin	1.1%	3.4%	9.0%	11.9%	16.3%	NA		
<b>ActiveOps Plc</b>								
Revenue Growth	(0.0%)	12.4%	11.1%	7.6%	7.7%	8.2%	7.7%	7.7%
EBITDA Margin	2.0%	(1.3%)	2.7%	3.7%	6.7%	7.8%		
EBITDA less CapEx Margin	1.6%	(1.7%)	2.4%	2.9%	5.9%	7.0%		
<b>Prophecy International Holdings Limited</b>								
Revenue Growth	(3.1%)	26.6%	20.4%	NA	NA	NA	13.9%	NA
EBITDA Margin	(12.9%)	(0.4%)	(7.5%)	NA	NA	NA		
EBITDA less CapEx Margin	(13.2%)	(1.0%)	(8.3%)	NA	NA	NA		
<b>Tier 2 - Other SaaS</b>								
<b>ReadyTech Holdings Limited</b>								
Revenue Growth	27.4%	56.5%	32.0%	14.9%	14.3%	12.6%	38.1%	14.6%
EBITDA Margin	37.7%	35.1%	32.0%	33.2%	34.9%	36.4%		
EBITDA less CapEx Margin	37.0%	34.4%	30.6%	18.2%	20.4%	22.7%		
<b>Bigtincan Holdings Limited</b>								
Revenue Growth	41.5%	146.2%	13.3%	10.3%	7.3%	6.6%	58.0%	8.8%
EBITDA Margin	(13.9%)	3.2%	6.2%	11.2%	13.0%	13.2%		
EBITDA less CapEx Margin	(14.5%)	2.5%	6.0%	10.7%	12.5%	12.8%		
<b>Blackline Safety Corp.</b>								
Revenue Growth	41.5%	34.3%	38.5%	32.1%	31.4%	27.9%	38.1%	31.7%
EBITDA Margin	(52.9%)	(61.7%)	(14.3%)	2.3%	6.3%	8.1%		
EBITDA less CapEx Margin	(59.9%)	(69.2%)	(22.9%)	(3.2%)	0.7%	3.5%		

Source: Management, S&P Global and GTCF analysis

Our research resulted in the identification of three “Tier 1” companies:

- Kinatico:** It is an Australian business that offers screening and verification services, as well as workforce compliance and management solutions through various platforms. The company’s solutions cover various industries such as healthcare, energy and utilities, education, and professional and financial services, with similar three to five year contract lengths as Damstra. However, Damstra has a more comprehensive product suite and a stronger focus on access control and HSE management under their EPP platform. Historically, Kinatiko has achieved a higher revenue growth with a 3-year revenue CAGR of 29.1% vs 14.6% for Damstra, however this was largely achieved via M&A in FY21 and FY22<sup>23</sup>. However, Damstra has achieved a higher EBITDA margin but is also investing heavily with a higher capital expenditure as a % of revenue. We consider Damstra’s higher investment will enable the business to pursue higher growth as the business expands in North America and Asia-

<sup>23</sup> We note that Damstra too had a large step up in growth in FY21 of 38.2% (see section 4.3). Whilst this was also, in part, driven by M&A through Damstra’s acquisition of Vault, which generated revenue of c.A\$5 million, the balance came from organic growth.

Pacific and realises its return on its investment in the EPP. On this basis we consider it reasonable that our implied revenue multiple of Damstra based on our DCF Method valuation is higher than that of Kinatico.

- *ActiveOps*: A business headquartered in the United Kingdom and provides workplace management solutions to help organisations enable optimal productivity and operational performance through resource availability. ActiveOps leverage data and technology to automate business processes using a proprietary operations data model. The company has two product offerings related to WMS, compared to Damstra's seven, however revenue is similarly generated from SaaS subscriptions, trainings and implementation of hardware. Whilst the sector focus is different in banking and insurance, similarly to Damstra, ActiveOps operates globally with a focus in North America, United Kingdom, Africa, India and Australia. Despite lower historical and forecast revenue growth and a lower EBITDA and EBITDA less capital margins than some of the other Tier 1, the company has persistently been valued at a higher revenue multiple. We consider this, in part is driven by ActiveOps' size, which reflects ActiveOps more mature stage of development and also its investment focus in Artificial Intelligence driven products which provides to the business a valuation hedge given the current growth opportunities in AI-related applications.
- *Prophecy*: An Australian business, headquartered in Adelaide, that designs and develops software solutions, with a specialisation in cyber security and data analytics. Unlike Damstra, Prophecy focuses on the defence, financial services, manufacturing, government and retail industry and generates the majority of its revenue from North America, with additional revenue from Australia and Europe. Damstra is larger in size than Prophecy in terms revenue, EBITDA and enterprise value (based on our valuation of Damstra using the DCF Method), and it has achieved higher revenue growth and EBITDA margin allowing the company to invest more, as reflected through a higher capital expenditure as a % of revenue. On this basis we consider it reasonable that our implied revenue multiple of Damstra based on our DCF Method valuation is higher than that observed for Prophecy.

Our research also resulted in the identification of three "Tier 2" companies:

- *ReadyTech Holdings Limited ("ReadyTech")*: Headquartered in Sydney, Australia, ReadyTech is a provider of SaaS software for three main segments which include education & employment services, workforce management and government & justice. Despite generating a majority of its revenue from the education & employment service, ReadyTech provides a similar workforce management product to Damstra which focuses on payroll and management software that aim to increase the efficiency of operations in real time. With offices in Australia, New Zealand and the UK, ReadyTech primarily generates its revenue in Australia through recurring revenue through multiples segments.
- *Bigtincan Holdings Limited ("Bigtincan")*: Bigtincan is a provider of sales enablement automation software, headquartered out of Sydney, Australia. Similar to Damstra's consolidated platform, Bigtincan offers a consolidated platform focusing on data analytics, security solutions and document management solutions which is used for sales, marketing and channel partners. However, unlike Damstra, Bigtincan operates within the life sciences, financial, retail, technology, manufacturing, telecommunications and government industries, generating revenue mainly in North America, with additional revenue generated from Australia and the rest of the world.
- *Blackline Safety Corp ("Blackline")*: Blackline is a developer and manufacturer of work safety products and services, headquartered in Canada and the UK. Similarly, to Damstra's HSE management segment, Blackline focuses on the efficiency of real time data and the innovation of technology to

improve worker protection and incident reporting. Additionally, Blackline focuses on the utilities, renewable energy, pharmaceuticals and more, and further specialise in gas monitoring products and services, unlike Damstra.

Whilst we do not consider any of the Tier 2 as close comparable peers to Damstra, we note that their median and average Revenue Multiples are in line with the Revenue Multiple implied in the DCF Method which hence support our valuation assessment.

#### 6.2.2 Cross check to Transaction Multiples

We employed a similar approach to the identification of comparable transactions to the approach we undertook to identify comparable listed companies. We note a key challenge with the identification of comparable private transactions is the availability of information.

For our analysis, we considered two tiers of comparable transactions. Tier 1 consists of transactions wherein the targets are SaaS companies with a similar positive margin profile to that of Damstra's. For transactions wherein the EBITDA margins were not available, we cross checked based on the last publicly available financial information. Tier 2 includes other SaaS targets having negative EBITDA margins. A brief description of the target companies to these private transactions is set out in Appendix E.

We have set out below the revenue multiples of our identified Tier 1 and Tier 2 transactions.

Transaction analysis			EV	EBITDA	Revenue
Date	Target company	Bidder company	million	Stake	margin Multiple
<i>Tier 1 - SaaS targets with similar margin profile</i>					
25-Jul-22	IT Vision	ReadyTech Holdings Limited	53	100%	35% 3.5 x
30-Nov-21	Sage Schweiz AG	Infonika Holding GmbH	50	100%	16% 1.7 x
15-Oct-21	TIKS Solutions Pty Ltd	Damstra Holdings Limited	18	100%	NA 4.4 x
31-May-21	Businesses in Asia & Australia of The Sage Group	Access UK Limited	95	100%	15% 2.0 x
6-Apr-21	Bright People Technologies Pty. Ltd.	Credentials Management Information Systems Pty	16	100%	35% 3.3 x
1-Jul-20	Itree Pty Limited	Objective Corporation Limited	19	100%	NA 1.3 x
27-Feb-20	Applied Project Experience Pty Ltd	Damstra Holdings Limited	6	100%	NA 4.2 x
<b>Median (Tier 1)</b>					<b>3.3 x</b>
<b>Average (Tier 1)</b>					<b>2.9 x</b>
<i>Tier 2 - Other SaaS targets</i>					
6-Nov-23	Whispir Limited*	Soprano Design Technology (Australia) Pty Ltd	64	100%	(24%) 1.2 x
22-Sep-23	Rightcrowd NV/Rightcrowd Software Pty Limited	Bloom RC Holdings, Inc.	14	100%	NA 0.9 x
9-Aug-23	Limeade, Inc.	WebMD Health Services Group, Inc.	77	100%	(12%) 1.3 x
23-Feb-23	ELMO Software Limited	K1 Investment Management, LLC	483	100%	(41%) 5.3 x
9-Nov-22	PayGroup Limited	Deel Inc.	93	100%	(5%) 3.5 x
19-Oct-20	Vault Intelligence Limited	Damstra Holdings Limited	59	100%	NM 12.7 x
<b>Median (Tier 2)</b>					<b>2.4 x</b>
<b>Average (Tier 2)</b>					<b>4.2 x</b>
<b>Median (Tier 2 excl. Vault acquisition)</b>					<b>1.3 x</b>
<b>Average (Tier 2 excl. Vault acquisition)</b>					<b>2.4 x</b>

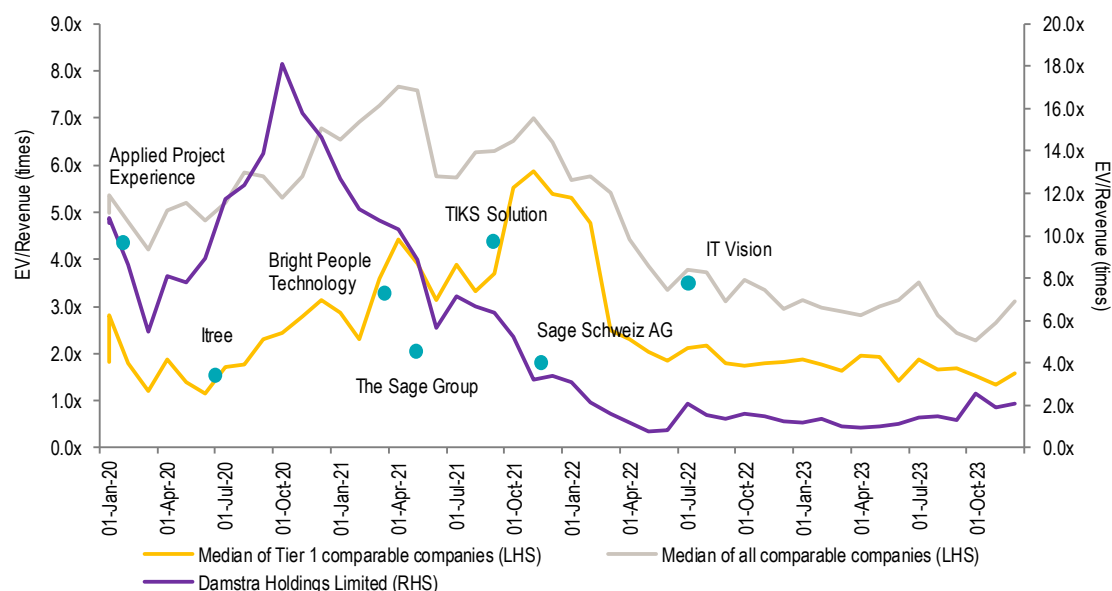
Source: S&P Global and GTCF analysis

\* Whispir Limited transaction details based on announcement dated 5 December 2023 confirmed as of 8 January 2024. The offer is indicative of the current value placed on other broader SaaS companies and we consider largely provides reasonable support to our assessed multiple range.

Notes (1) ReadyTech announcement on IT Vision acquisition states an aggregate maximum consideration is AUD 54.6 million, based on a 3.5x multiple (2) Leveraged the FY20 Operating profit of CHF 4.8 million as an estimate (3) Leveraged GBP 7.0 million of operating profit from Sage's businesses in Poland, Australia and Asia in FY21. (4) Kinatico Ltd (previously known as CV Check Ltd/Credentials Management Information Systems Pty Ltd)

The median and average revenue multiple of our identified Tier 1 private transactions is 3.3x and 2.9x respectively broadly aligns with the 2.5x to 3.2x FY23 revenue multiple range respectively implied by our valuation of Damstra using the DCF Method. We are comfortable with our implied Revenue Multiple being marginally lower on the basis both Trading Multiples and Transactions Multiples have declined since 2020 and 2021, when most of the transactions completed as set out in the graph below. Further, the acquisitions completed by Damstra among the Tier 1 transaction set are small "bolt-on" acquisitions which we do not consider necessarily relevant for the valuation of Damstra as a whole.

### Rolling multiple of the comparable companies against comparable transactions



Source: S&P Global and GTCF analysis, Company announcements

We note that our identified Tier 2 private transactions have median and average revenue multiple of 2.4x and 4.2x respectively. This higher average multiple is largely driven by Damstra's acquisition of Vault in October 2020 at an implied revenue multiple of 12.7x. If this is excluded, the median and average multiple drops to 1.3x and 2.4x respectively, which is lower than the multiple implied in our valuation assessment.

### 6.3 Quoted Security Price Method

In our assessment of the Scheme, we have also considered the trading price of the Damstra Shares on the ASX. The analysis of the trading price is an exercise of professional judgement that takes into consideration the depth of the market for the listed securities, volatility of the market price and whether or not the trading price is likely to represent the underlying value of Damstra.

#### 6.3.1 Liquidity

In accordance with the requirements of RG 111, we have analysed the liquidity of Damstra Shares before considering them in our valuation assessment. We have set out below the trading volume from November

2022 to December 2023 as a percentage of the total outstanding shares as well as free float shares outstanding.

Damstra - Liquidity Analysis				Cumulative		Cumulative	
Month end	Volume traded ('000)	Monthly VWAP (\$)	Total value of shares traded (\$'000)	Volume traded as % of total shares	Volume traded as % of total shares	Volume traded as % of free float shares	Volume traded as % of free float shares
Nov 2022	2,491	0.1580	394	1.0%	1.0%	1.5%	1.5%
Dec 2022	2,099	0.1361	286	0.8%	1.8%	1.3%	2.8%
Jan 2023	4,092	0.1207	494	1.6%	3.4%	2.5%	5.4%
Feb 2023	2,766	0.1174	325	1.1%	4.5%	1.7%	7.1%
Mar 2023	9,467	0.0865	819	3.7%	8.1%	5.9%	12.9%
Apr 2023	5,541	0.0705	390	2.2%	10.3%	3.4%	16.4%
May 2023	3,681	0.0747	275	1.4%	11.7%	2.3%	18.6%
Jun 2023	9,368	0.0704	660	3.6%	15.4%	5.8%	24.4%
Jul 2023	5,823	0.1172	682	2.3%	17.6%	3.6%	28.0%
Aug 2023	2,926	0.1192	349	1.1%	18.8%	1.8%	29.9%
Sep 2023	2,354	0.1092	257	0.9%	19.7%	1.5%	31.3%
Oct 2023	29,815	0.2329	6,944	11.6%	31.2%	18.4%	49.7%
Nov 2023	12,509	0.1993	2,493	4.9%	36.1%	7.7%	57.5%
Dec 2023	3,696	0.1918	709	1.4%	37.5%	2.3%	59.7%
<b>Min</b>				<b>0.8%</b>		<b>1.3%</b>	
<b>Average</b>				<b>2.7%</b>		<b>4.3%</b>	
<b>Median</b>				<b>1.8%</b>		<b>2.8%</b>	
<b>Max</b>				<b>11.6%</b>		<b>18.4%</b>	

Sources: S&P Global, GTCF analysis.

With regard to the above analysis, we note that:

- The level of free float for Damstra is at c. 62.8%<sup>24</sup>. The free float of the Company is somewhat limited due to the top 10 shareholders owning a cumulative 39.6% of the issued capital. During the last 12 months, c. 59.7% of the free float shares were traded with an average monthly volume of 4.3% of the total free float shares. During the period analysed, trading volumes were above average in the following periods:
  - During March and April 2023 which may be attributable to the positive half year and March quarter results released in this period.
  - In June and July 2023 on the back of the announcements of recent client wins relating to Barrick Gold, Foxleigh Mine, Stanwell Corporation and the extension of the Coronado Global Resources contract.

<sup>24</sup> The free float is calculated based on total outstanding shares less shares held by Management and strategic investors sourced from S&P Global.

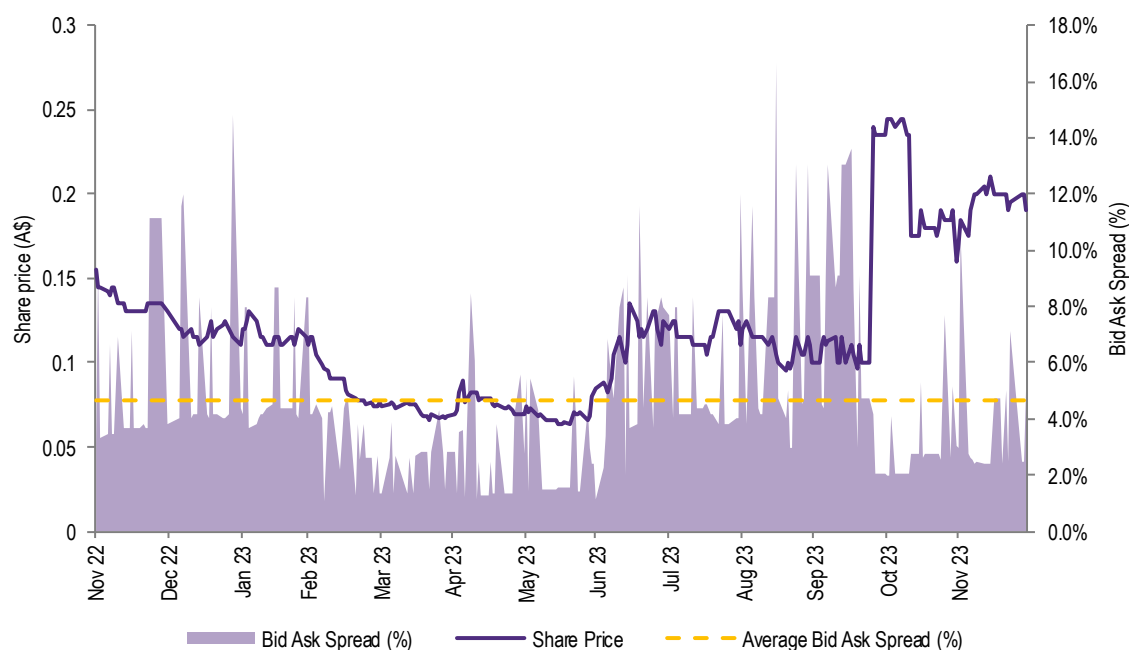
- In October and November 2023 in conjunction with the announcement of the conditional, non-binding proposals that Damstra received from multiples parties.
- Notwithstanding that the Damstra's free float is limited, it is not inconsistent with the industry peers as outlined in the table below.

Liquidity analysis			Average volume traded as a % of total shares	Average volume traded as a % of free float shares	Cumulative volume traded as a % of total shares	Cumulative volume traded as a % of free float shares
Company	Country	Free float (%)				
Damstra Holdings Limited	Australia	62.8%	3.0%	4.7%	37.5%	59.7%
<b>Tier 1 - SaaS based workforce management and compliance technology systems</b>						
Kinatico Ltd	Australia	58.9%	1.1%	1.9%	17.7%	30.0%
ActiveOps Plc	United Kingdom	67.3%	2.5%	3.7%	42.1%	62.5%
Prophecy International Holdings Limited	Australia	69.8%	1.3%	1.9%	21.0%	30.0%
<b>Average (Tier 1)</b>		<b>65.4%</b>	<b>1.6%</b>	<b>2.5%</b>	<b>26.9%</b>	<b>40.8%</b>
<b>Median (Tier 1)</b>		<b>67.3%</b>	<b>1.3%</b>	<b>1.9%</b>	<b>21.0%</b>	<b>30.0%</b>
<b>Tier 2 - Other SaaS</b>						
Ready Tech Holdings Limited	Australia	50.3%	1.3%	2.5%	28.2%	56.1%
Bigtincan Holdings Limited	Australia	68.3%	3.5%	5.1%	61.5%	89.9%
Blackline Safety Corp.	Canada	57.5%	0.7%	1.3%	16.7%	29.0%
<b>Average (Tier 2)</b>		<b>58.7%</b>	<b>1.8%</b>	<b>3.0%</b>	<b>35.5%</b>	<b>58.4%</b>
<b>Median (Tier 2)</b>		<b>57.5%</b>	<b>1.3%</b>	<b>2.5%</b>	<b>28.2%</b>	<b>56.1%</b>

Source: S&P Global; GTCF analysis

When the stock of a company is not heavily traded or is relatively illiquid, the market typically observes a difference between the 'bid' and 'ask' price for the stock as there may be a difference in opinion between the buyer and seller on the value of the stock. We have set out below the bid and ask price over the last 12 months.

### Damstra – Bid/Ask Spread 30 November 2022 to 31 December 2023



Sources: S&P Global, GTCF Analysis

The historical average bid-ask spread over the previous twelve months was c. 4.7% with spikes between 10.0% and 16.0%. We note high levels of bid-ask spreads throughout the observed period, which indicates greater dissent among investors on the underlying fair market value of the business and potentially a higher level of speculative investments in conjunction with greater volatility.

Based on the limited liquidity and the high bid-ask spread, we have not relied on the Quoted Security Price Method for the purpose of our valuation. However, we have undertaken a detailed analysis of the trading prices to gain further insights into the performance of Damstra and the high control premium paid.

#### 6.3.2 Analysis of the trading price

The control premium implied in the Scheme is significantly in-excess of the average control premium paid for successful takeovers in Australia between 20.0% and 40.0% (refer to Appendix F for further details on this control premium study). In our opinion, the trading prices of Damstra before the announcement of the Transaction may not necessarily be representative of the underlying fair market value of the Company due to the specific financial performance of the business and the level of debt which may have caused investors to reflect an element of financial distress in the trading prices. This is further discussed below.

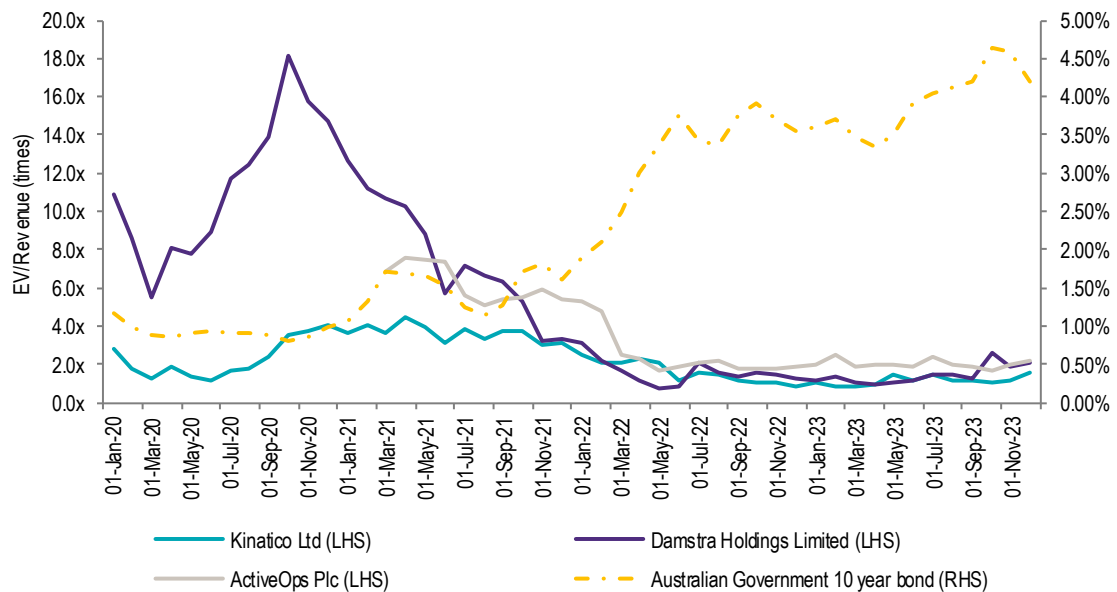
Over the last couple of years, Damstra's share price has been adversely affected by the following:

- In H1 FY22, Damstra lost one of its key clients (Newmont) which had a direct impact on Damstra's business and revenue. In addition, during the same period, the Company recognised a significant impairment of A\$39.8 million in relation to the goodwill arising from the Vault acquisition due to a change in the market conditions and underperformance of the Solo product.



- In the recent period, market sentiment was greatly influenced by specific one-off divergences between the expectations from guidance and the actual performance owing to certain delays, loss of a key client and increasing debt driven by increasing investments, which led to a decline in share price.
- Since the end of 2021, the valuations of technology businesses and, more generally, of high growth companies have been adversely affected by a deterioration in the macro-economic environment. Specifically, the 10-year Government Bond yield has increased from 1.2% at 31 December 2021 to 4.1% as at 16 February 2024 which has adversely affected the ability to raise funding for high-growth businesses given the propensity and opportunity costs for investors to fund non-profitable operations have significantly reduced. To illustrate this, we have benchmarked below the historical rolling multiples of listed peers' along with the ASX All Technology Index's year to date against the Government Bond.

#### Rolling revenue multiple against the 10 year Australian government bond

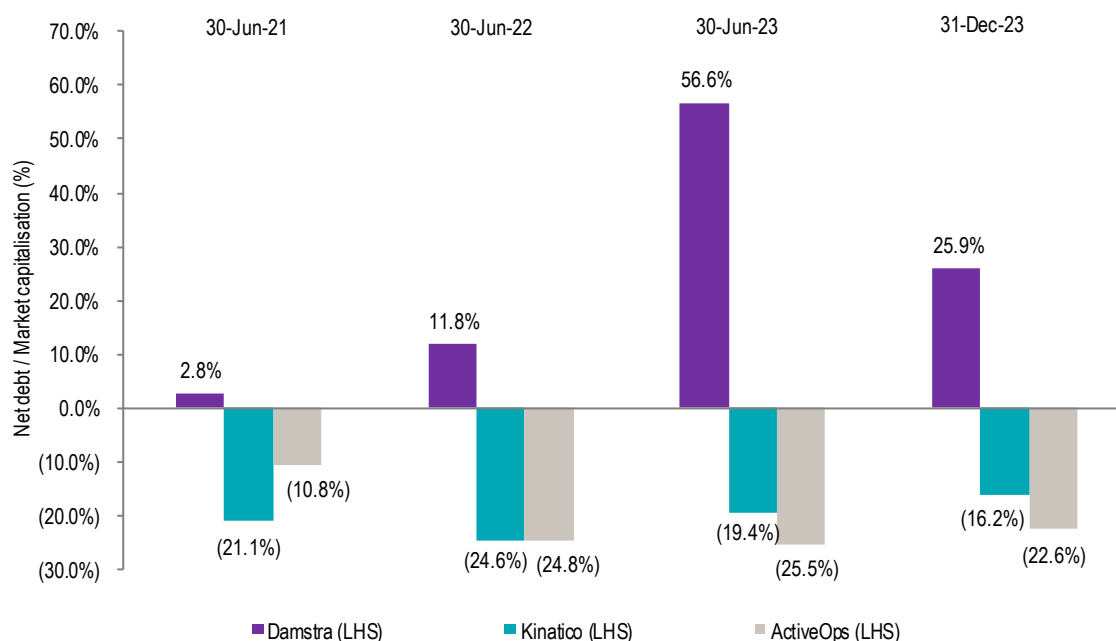


Sources: S&P Global, GTCF Analysis

On the flip side, we are of the opinion that the trading prices before the announcement of the Mitrtech NBIO were particularly depressed as they reflected an element of financial risk in the business associated with the PFG Facility. Specifically, Damstra reported a level of net debt of A\$12.7 million as at 31 December 2023, implying a 25.9%<sup>25</sup> gearing which highlights significant reliance on debt financing particularly during a time when the Company's profitability is still limited and interest rate high by historical standard. Damstra's gearing ratio is materially in excess of the gearing ratio for its listed peers such as Kinatico and ActiveOps as summarised in the graph below.

<sup>25</sup> Gearing ratio calculated as net debt of A\$12.7 million divided by market capitalisation of A\$49.0 million as at 31 December 2023.

### Ratio of net debt by market capitalisation

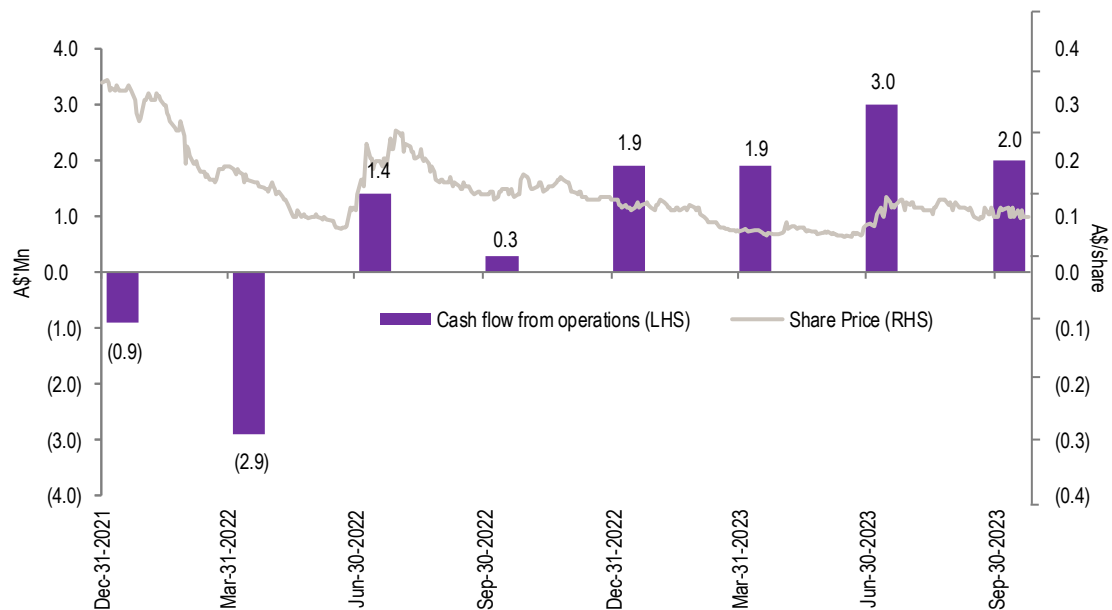


Further, the trading prices failed to materially react to positive announcements released by the Company to the market. Specifically we note the following:

- Damstra's increasing investment in EPP and its cross-sell capabilities not only contributed to growing sector exposure such as into facilities management and commercial real estate among others, but also contributed to major client contract wins, particularly in FY22, including with Capstone Copper, an international copper miner and Barrick Gold, one of the largest gold and copper mining companies in the world. While the Capstone Copper contract helped Damstra displace one of its international competitors, the Barrick Gold contract which was implemented in the first quarter of FY23 led to a wide coverage of c. 18,000 users across three geographic regions namely North America, West Africa and the Caribbean.
- Damstra undertook several cost optimisation initiatives that supported their target of becoming cash flow positive and achieved an annualised cost saving of c. A\$8.2 million by December 2022. While this resulted in a more efficient cost base, with increasing revenue, the Company would also be able to benefit from margin expansions.

As set out in the graph below, notwithstanding the positive improvements to the operations and the enhance profitability of the business, the share price failed to materially improve.

### Damstra cashflow from operations against its share price since Q2 FY22



Sources: S&P Global, GTCF Analysis

Whilst there has been some alignment with market movements, Damstra's share price appears to reflect certain distress risks associated with the Company's debt obligations, therefore not moving in line with the improvement in financial performance. Specifically, we note that the PFG Facility is now A\$17.5 million senior secured and bears an interest rate of 8.6% above the BBSW, which is equivalent to an interest rate of 12.9%<sup>26</sup> as at 16 February 2024 or an annual interest payment of c. A\$2.3 million. In FY22 and FY23, Damstra generated a pro-forma EBITDA less capex, which is considering a proxy for free cash flows before tax, of negative A\$(7.4) million and negative A\$(0.8) million respectively (excluding M&A activity), so in the absence of the Scheme, the PFG Facility is likely to continue to represent a material hurdles for a strong recovery in the trading prices.

<sup>26</sup> BBSW closing rate for a 1-month term to maturity as at 16 February 2024 is 4.3%.

## 7 Sources of information, disclaimer and consents

### 7.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Scheme Implementation Deed.
- Scheme Booklet.
- Annual reports of Damstra.
- Quarterly reports of Damstra.
- Damstra management accounts.
- Board Reports.
- Releases and announcements by Damstra on the ASX.
- Other information provided by Damstra.
- S&P Global - Capital IQ.
- Mergermarket.
- Various broker reports.
- Other publicly available information.
- Discussions with Management.

### 7.2 Qualifications and independence

Grant Thornton Corporate Finance Pty Ltd holds Australian Financial Service Licence number 247140 under the Corporations Act and its authorised representatives are qualified to provide this report.

Grant Thornton Corporate Finance provides a full range of corporate finance services and has advised on numerous takeovers, corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to Damstra and all other parties involved in the Scheme with reference to the ASIC Regulatory Guide 112 “Independence of experts” and APES 110 “Code of Ethics for Professional Accountants” issued by the Accounting Professional and Ethical Standard Board. We have concluded that there are no conflicts of interest with respect to Damstra, its shareholders and all other parties involved in the Scheme.

Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Damstra or its associated entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Scheme.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Scheme, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Scheme. Grant Thornton Corporate Finance’s out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

### 7.3 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by Damstra and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by Damstra through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of Damstra.

This report has been prepared to assist the Independent Directors of Damstra in advising the Damstra Shareholders in relation to the Scheme. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Scheme is fair and reasonable to the Damstra Shareholders.

Damstra has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by Damstra, which Damstra knew or should have known to be false and/or reliance on information, which was material information Damstra had in its possession and which the Company knew or should have known to be material and which Damstra did not provide to Grant Thornton Corporate Finance. Damstra will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

### 7.4 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Scheme Booklet to be sent to the Damstra Shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and content in which it appears.

## Appendix A – Valuation methodologies

### *Capitalisation of future maintainable earnings*

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses. This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

### *Discounted future cash flows*

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model. Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

### *Orderly realisation of assets*

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

### *Market value of quoted securities*

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

### *Comparable market transactions*

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction. Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

## Appendix B – Damstra Acquisitions Overview

Damstra acquisition overview						
Announced	Target	Target description	Rationale	Price (A\$m)	Revenue (A\$m)	EV/Revenue
Feb-17	Safe Stax	Safety Management System with swipe card technology integration	Clients	0.4	0.2	2.0x
Dec-17	Worksafe Management Systems	OHS/Risk Management System	Product capability	0.4	0.3	1.4x
Aug-18	Velpic	Learning Management System with video content creation and eLearning management	Product capability and clients	3.8	0.8	5.0x
Oct-18	Eify	Workforce Management, Asset Management, HSE Management, Access Control	Product capability and clients	10.2	2.5	4.2x
Dec-19	Scenario Advantage Workforce	Workplace Management Solutions (e.g. access control, inductions, training management)	Clients	4.0	1.3	3.1x
Feb-20	APE Mobile	Workflow Management Solutions with paperless forms for safety & compliance	Product capability	5.5	1.3	4.2x
Jun-20	SmartAsset Software	Asset Management (e.g. asset location tracking, maintenance planning, inventory management)	Product capability and clients	0.5	0.4	1.1x
Jul-20	Vault Intelligence Limited	Mobile Environmental Health and Safety software	Product capability and clients	59.4	4.6	12.7x
Sep-21	TIKS Solutions Pty Ltd	Workplace Safety and Compliance Management Solutions	Product capability and clients	18.0	4.1	4.4x

Source: Damstra ASX Announcements, IPO prospectus & Mergermarket

## Appendix C – Discount rate

### Introduction

The cash flow assumptions underlying the DCF approach are on a nominal, ungeared and post-tax basis. Accordingly, we have assessed a range of nominal post-tax discount rates for the purpose of calculating the net present value of the cash flows.

The discount rates were determined using the WACC formula. The WACC represents the average of the rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cash flows, weighted in proportion to the market value of the debt and equity capital provided. However, we note that the selection of an appropriate discount rate is ultimately a matter of professional judgment.

Under a classical tax system, the nominal WACC is calculated as follows:

$$\text{WACC} = R_d \times \frac{D}{D + E} \times (1 - t) + R_e \times \frac{E}{D + E}$$

Where:

- $R_e$  = the required rate of return on equity capital;
- $E$  = the market value of equity capital;
- $D$  = the market value of debt capital;
- $R_d$  = the required rate of return on debt capital; and
- $t$  = the statutory corporate tax rate.

### *Required rate of return on equity capital*

We have used the CAPM, which is commonly used by practitioners, to calculate the required return on equity capital.

The CAPM assumes that an investor holds a large portfolio comprising risk-free and risky investments. The total risk of an investment comprises systematic risk and unsystematic risk. Systematic risk is the variability in an investment's expected return that relates to general movements in capital markets (such as the share market) while unsystematic risk is the variability that relates to matters that are unsystematic to the investment being valued.

The CAPM assumes that unsystematic risk can be avoided by holding investments as part of a large and well-diversified portfolio and that the investor will only require a rate of return sufficient to compensate for the additional, non-diversifiable systematic risk that the investment brings to the portfolio. Diversification cannot eliminate the systematic risk due to economy-wide factors that are assumed to affect all securities in a similar fashion.

Accordingly, whilst investors can eliminate unsystematic risk by diversifying their portfolio, they will seek to be compensated for the non-diversifiable systematic risk by way of a risk premium on the expected return. The extent of this compensation depends on the extent to which the company's returns are correlated with the market as a whole. The greater the systematic risk faced by investors, the larger the required return on capital will be demanded by investors.



The systematic risk is measured by the investment's beta. The beta is a measure of the co-variance of the expected returns of the investment with the expected returns on a hypothetical portfolio comprising all investments in the market - it is a measure of the investment's relative risk.

A risk-free investment has a beta of zero and the market portfolio has a beta of one. The greater the systematic risk of an investment the higher the beta of the investment.

The CAPM assumes that the return required by an investor in respect of an investment will be a combination of the risk-free rate of return and a premium for systematic risk, which is measured by multiplying the beta of the investment by the return earned on the market portfolio in excess of the risk-free rate.

Under the CAPM, the required nominal rate of return on equity (Re) is estimated as follows:

$$R_e = R_f + \beta_e (R_m - R_f)$$

Where:

- Rf = risk free rate
- $\beta_e$  = expected equity beta of the investment
- (Rm – Rf) = market risk premium

**Risk-free rate – 4.0%**

In the absence of an official risk free rate, the yield on government bonds (in an appropriate jurisdiction) is commonly used as a proxy. Accordingly, we have observed the yield on the 10-year Australian Government bond over several intervals from a period of 5 trading days to 15 trading years. The following table sets out the average yield on 10-year Australian Government Bond over the last 10 years.

Australia Government Debt - 10 Year			
Valuation Date: 31 December 2023	Low	High	Average
Previous 5 trading days	3.90%	4.04%	3.97%
Previous 10 trading days	3.90%	4.12%	4.01%
Previous 20 trading days	3.90%	4.42%	4.16%
Previous 30 trading days	3.90%	4.58%	4.24%
Previous 60 trading days	3.90%	4.96%	4.43%
Previous 1 year trading	3.19%	4.96%	4.07%
Previous 2 years trading	1.66%	4.96%	3.31%
Previous 3 years trading	0.95%	4.96%	2.95%
Previous 5 years trading	0.60%	4.96%	2.78%
Previous 10 years trading	0.60%	4.96%	2.78%

Source: S&P Global

Given the current volatility in the global financial markets and the prevailing spot rate in the bond market, we have placed more emphasis on the average risk free rate observed over various period of time. Accordingly, our adopted risk-free rate of 4.0% is based on the long-term yields on Australian 10-year government bonds.

*Market risk premium – 6.0%*

The market risk premium represents the additional return an investor expects to receive to compensate for additional risk associated with investing in equities as opposed to assets on which a risk free rate of return is earned. However, given the inherent high volatility of realised rates of return, especially for equities, the market risk premium can only be meaningfully estimated over long periods of time. In this regard, empirical studies of the historical risk premium in Australia over periods of up to 100 years suggest the premium is between 6.0% and 8.0%.

For the purpose of the WACC assessment, Grant Thornton Corporate Finance has adopted a market risk premium of 6.0%.

*Equity beta – 1.14 to 1.29*

The beta measures the expected relative risk of the equity in a company. The choice of the beta requires judgement and necessarily involves subjective assessment as it is subject to measurement issues and a high degree of variation.

An equity beta includes the effect of gearing on equity returns and reflects the riskiness of returns to equity holders. However, an asset beta excludes the impact of gearing and reflects the riskiness of returns on the asset, rather than returns to equity holders. Asset betas can be compared across asset classes independent of the impact of the financial structure adopted by the owners of the business.

Equity betas are typically calculated from historical data. These are then used as a proxy for the future which assumes that the relative risk of the past will continue into the future. Therefore, there is no right equity beta and it is important not to simply apply historical equity betas when calculating the cost of equity. For the purpose of the report, we have had regard to the observed asset or ungeared betas of listed companies involving WMS, SaaS businesses and software and services companies, which we have then regearaged using a regearing ratio range of 5.0% to 10.0%.

			5 years monthly betas			
Beta analysis	Market cap		Equity		Gearing	Ungeared
Company	Country	A\$m	Beta	R squared	Ratio	Beta
Damstra Holdings Limited	Australia	53	1.14	0.05	8.8%	1.10
Life360, Inc.	United States	2,072	1.53	0.23	(8.0%)	1.71
Ready Tech Holdings Limited	Australia	401	1.00	0.21	7.2%	1.06
Bigtincan Holdings Limited	Australia	91	1.92	0.20	(16.0%)	1.57
Whispir Limited	Australia	70	1.83	0.21	(8.5%)	2.38
Xero Limited	New Zealand	15,293	1.14	0.37	0.0%	1.06
Nuix Limited	Australia	579	2.39	0.11	(5.8%)	1.44
EROAD Limited	New Zealand	178	2.71	0.27	12.4%	1.72
LiveTiles Limited	Australia	6	2.19	0.22	9.6%	1.20
Technology One Limited	Australia	4,909	0.71	0.17	(3.4%)	0.65
Constellation Software Inc.	Canada	106,221	0.86	0.40	1.8%	0.74
Workday, Inc.	United States	111,391	1.21	0.43	(2.9%)	1.30
SAP SE	Germany	279,681	1.00	0.44	4.0%	0.93
Oracle Corporation	United States	430,274	0.96	0.44	24.1%	0.79
ActiveOps Plc	United Kingdom	126	0.24	0.01	(13.6%)	0.26
Envirosuite Limited	Australia	73	1.37	0.08	(6.6%)	1.33
Blackline Safety Corp.	Canada	292	1.54	0.27	(10.1%)	1.16
Objective Corporation Limited	Australia	1,166	1.09	0.22	(3.0%)	1.01
Iress Limited	Australia	1,451	1.15	0.32	17.7%	1.07
Prophecy International Holdings Limited	Australia	38	1.58	0.04	(14.4%)	0.88
Commvault Systems, Inc.	United States	5,100	0.48	0.17	(12.6%)	0.66
Kinatico Ltd	Australia	46	1.60	0.17	(16.0%)	1.42
<b>Low</b>			<b>0.24</b>	<b>0.01</b>	<b>(16.02%)</b>	<b>0.26</b>
<b>Median</b>			<b>1.21</b>	<b>0.22</b>	<b>(3.40%)</b>	<b>1.07</b>
<b>Average</b>			<b>1.36</b>	<b>0.24</b>	<b>(2.09%)</b>	<b>1.16</b>
<b>High</b>			<b>2.71</b>	<b>0.44</b>	<b>24.13%</b>	<b>2.38</b>

Source: S&P Global and GTCF calculations

Note (1): Ungeared betas are calculated using data provided by S&P Global as at 31 December 2023. The betas are based on a five-year period with monthly observations based on the local index. Betas have been ungeared based on the average gearing ratio (i.e. net debt divided by shareholders' equity based on market values).

It should be noted that the above betas are drawn from the actual and observed historical relationship between risk and returns. From these actual results, the expected relationship is estimated generally on the basis of extrapolating past results. Despite the arbitrary nature of the calculations it is important to assess their commercial reasonableness. That is to assess how closely the observed relationship is likely to deviate from the expected relationship.

Consequently, while measured equity betas of the listed comparable companies provide useful benchmarks against which the equity beta used in estimating the cost of equity for the predevelopment assets, the selection of an unsystematic equity beta requires a level of judgement.

The asset betas of the selected companies are calculated by adjusting the equity betas for the effect of gearing to obtain an estimate of the business risk of the comparable companies, a process commonly referred as de-gearing.

We have then recalculated the equity beta based on an assumed 'optimal' capital structure deemed appropriate for the business (regearing). This is a subjective exercise, which carries a significant possibility of estimation error.

We used the following formula to undertake the de-gearing and regearing exercise:

$$\beta_e = \beta_a \left[ 1 + \frac{D}{E} \times (1 - t) \right]$$

Where:

- $\beta_e$  = Equity beta
- $\beta_a$  = Asset beta
- $t$  = corporate tax rate

The betas are de-gearred using the average historical gearing levels of those respective companies over several years. We note that most comparable companies had net cash positions. We then re-gear based on a gearing ratio of 5%-10% debt (see Capital Structure section below for further discussions).

As a result, for the purposes of our valuation, we have selected a beta range of between 1.14 and 1.29 to calculate the required rate of return on equity capital. In our beta assessment we had regards to brokers and the beta of the consumer discretionary segment.

***Specific risk premium – 1.0% - 1.5%***

The specific risk premium represents the additional return an investor expects to receive to compensate for size and strategy execution risk not reflected in the beta of observed comparable companies.

We note that the selection of the specific risk premium involves a certain level of professional judgement and as a result, the total specific risk premium is not fully quantifiable with analytical data.

***Cost of debt – 7.0% - 8.0%***

For the purpose of estimating the cost of debt applicable to Damstra, Grant Thornton Corporate Finance has considered the following:

- The weighted average interest rate on credit outstanding for large businesses over the last one to five years as published by the Reserve Bank of Australia.
- The historical and current cost of debt for Damstra and the comparable companies.
- Expectations of the yield curve.

Based on the above, Grant Thornton Corporate Finance has adopted a cost of debt between 7.0% and 8.0% on a pre-tax basis.

*Capital Structure – 5.0% to 10.0%*

The appropriate level of gearing that is utilised in determining WACC for a particular company should be the “target” gearing ratio, rather than the actual level of gearing, which may fluctuate over the life of a company. The target or optimal gearing level can therefore be derived based on the trade-off theory which stipulates that the target level of gearing for a project is one at which the present value of the tax benefits from the deductibility of interest are offset by present value of costs of financial distress. In practice, the target level of gearing is evaluated based on the quality and variability of cash flows. These are determined by:

- the quality and life cycle of a company;
- the quality and variability of earnings and cash flows;
- working capital;
- level of capital expenditure; and
- the risk profile of the assets.

For the purpose of the valuation, Grant Thornton Corporate Finance has adopted a capital structure based on 5.0%-10.0% debt and 95.0%-90.0% equity. In determining the appropriate capital structure, we have had regard to the current capital structure of Damstra based on its average net debt based on monthly balance outstanding but also having regard to the selected comparable companies in pharmaceutical distribution and health and beauty sectors.

*Tax rate – 30.0%*

For the purpose of our valuation assessment we have assumed the Australian corporate tax rate of 30.0%.

### *Discount Rate Summary*

<b>Weighted Average Cost of Capital (WACC)</b>	<b>Low</b>	<b>High</b>
Risk Free Rate	4.00%	4.00%
Beta	1.14	1.29
Market Risk Premium	6.00%	6.00%
Specific Risk Premium	1.00%	1.50%
<b>Cost of Equity</b>	<b>11.84%</b>	<b>13.26%</b>
Cost of Debt (Pre-Tax)	7.00%	8.00%
Tax	30.00%	30.00%
<b>Cost of Debt (Post-Tax)</b>	<b>4.90%</b>	<b>5.60%</b>
Proportion of Debt	5.00%	10.00%
Proportion of Equity	95.00%	90.00%
<b>WACC</b>	<b>11.50%</b>	<b>12.50%</b>

Source: S&P Global, GTCF analysis

## Appendix D – Comparable company descriptions

Company	Description
Damstra Holdings Limited	Damstra Holdings Limited operates as an enterprise protection software provider in Australia, the United States, New Zealand, and internationally. Its enterprise protection platform integrates a range of modules and products that allows organizations to mitigate and reduce unforeseen and unnecessary business risks around people, workplaces, assets, and information. The company's workplace management platform comprising workforce management, access control, asset management, digital forms, e-learning, safety, solo, predictive analytics; and connected worker, accessible information, reporting business intelligence tools, and learning management solutions. It also engages in rental of hardware equipment; and provision of training and other support services. The company was founded in 2002 and is based in South Yarra, Australia.
Kinatico Ltd	Kinatico Ltd provides pre-employment screening, verification, and workforce compliance management services in Australia and New Zealand. It offers real-time workforce compliance management via its core Software-as-a-Service RegTech solution, Cited that enables compliance monitoring spanning pre-employment to daily requirements related to geo-location, roles, and tasks applicable across a range of industries. It also provides a range of pre-employment checks via its CVCheck solution, which is delivered via its proprietary technology platform that provide breed employment screening and verification offering with a track record of customer service excellence. In addition, its Enable solution provides workforce compliance and logistics solutions, primarily to the mining sector. The company was formerly known as CV Check Ltd and changed its name to Kinatico Ltd in October 2022. The company was incorporated in 2004 and is based in Perth, Australia.
ActiveOps Plc	ActiveOps Plc provides management process automation software solutions in Europe, the Middle East, India, Africa, North America, and Asia Pacific. The company provides ControlIQ, a workforce management solution that enables organizations drive optimal productivity and operational performance by providing single view of real-time operations data, actionable insights, and intelligent management automation tools; CaseworkIQ, a workforce management solution to support back-office operations processing case-based work; and WorkIQ, a desktop analytics software that captures workforce intelligence from desktop activity for employee engagement. It serves business process outsourcing companies, banking, insurance, and other sectors. The company was formerly known as ActiveOps Limited and changed its name to ActiveOps Plc in March 2021. ActiveOps Plc was incorporated in 1995 and is headquartered in Reading, the United Kingdom.
Prophecy International Holdings Limited	Prophecy International Holdings Limited engages in the design, development, and marketing of computer software applications and services in Australia, the United States, Europe, and Asia. It offers Snare, a security analytics platform that converges logs from network, identity, endpoint, application, and other security relevant sources to generate behavioral alerts and facilitate rapid incident analysis, investigation, and response; and eMite, a reporting and analytics solution focused on driving operations and customer engagement from the contact/call centre and customer experience market segments, which provides chat, chat bots, CRM, service ticketing, work force management, transcription, sentiment analysis, survey, IVR, email, contact centre software, and other services. The company serves banking and finance, public sector, defence and military, healthcare, utilities, manufacturing, and retail industries. The company was founded in 1980 and is headquartered in Adelaide, Australia.
ReadyTech Holdings Limited	ReadyTech Holdings Limited provides technology-based solutions in Australia. It operates in three segments: Education and Work Pathways; Workforce Solutions; and Government and Justice. The Education and Work Pathways segment offers cloud-based student and learning management systems for education and training providers to manage the student lifecycle from student enrolment to course completion. This segment also provides platforms to help state governments to manage vocational education and training programs; software platforms for the pathways and back-to-work sector to manage apprentices and job seekers; and a competency assessment and skills profiling tools to track on-the-job training through a qualification. The Workforce Solutions segment offers payroll software, outsourced payroll services, human resource management, and recruitment software solutions to employers to assist with payroll and management of their employees. This segment also provides human resource (HR) administration services, such as employee records, workplace health and safety, and organizational structure, as well as talent management services. The Government and Justice segment offers government and justice case management software as a service solutions to local and state governments, and justice departments; and provides asset management, property, licensing and compliance, finance, HR and payroll, customer management, and courts and justice products. ReadyTech Holdings Limited was founded in 1998 and is headquartered in Sydney, Australia.
Bigtincan Holdings Limited	Bigtincan Holdings Limited operates as a sales enablement automation company. The company's platforms includes Bigtincan Hub, a powerful, intelligent, collaborative, and secure solution that automatically delivers relevant content to the right users directly, using their mobile devices. It offers engagement platform solutions, which combines content, communication, and interaction insights; security solutions for the secure distribution and management of documents and other media content. The company's solutions are used for sales, marketing, and channel partners. It serves life sciences, financial, retail, technology, manufacturing, telecommunication, and energy industries, as well as governments. The company was founded in 2010 and is headquartered in Sydney, Australia.
Blackline Safety Corp.	Blackline Safety Corp. develops, manufactures, and markets worker safety monitoring products and services in Canada, the United States, Europe, and internationally. It offers G6 zero-maintenance single-gas cloud-connected gas monitors, G7c safety wearable for indoor and outdoor locations covered by 4G wireless, G7x safety wearable for remote locations, and G7 EXO area gas monitors; field-replaceable cartridges; G7 Bridge, a portable satellite base station; G7 Dock and G6 Dock; accessories used to calibrate G6, G7c, and G7x devices; and Loner Mobile, a safety monitoring application for smartphones. The company also provides Blackline Location Beacon, an indoor/outdoor location technology; Blackline monitoring, a live monitoring service; Blackline Live, a cloud-hosted live safety monitoring portal for safety alert management; Blackline Analytics, a second-generation data analytics package; and Blackline Vision, a data science consulting and software. In addition, it offers electrochemical, infrared, and photoionization-based gas sensors; portable compact gas sensors; 4G cellular, LTE-M, satellite, 900 MHz spread spectrum, and Bluetooth data communication products; GNSS, cellular, and proprietary indoor/outdoor location beacon positioning products; inertial sensors; two-way voice calling and text messaging; push-to-talk real-time voice collaboration; Bluetooth audio accessory interface; cloud-hosted Blackline safety cloud monitoring infrastructure and Blackline live monitoring

Company	Description
	user account; and cloud-hosted data analytics and reporting software. Further, it engages in securitization of vehicles; and Internet of Things design, engineering, and product research and development support activities. It serves utilities, renewable energy, pharma, education, and other industries. The company was formerly known as Blackline GPS Corp. and changed its name to Blackline Safety Corp. in July 2015. Blackline Safety Corp. was founded in 2004 and is headquartered in Calgary, Canada.

Source: S&P Global, GTCF Analysis.



## Appendix E – Comparable transaction target descriptions

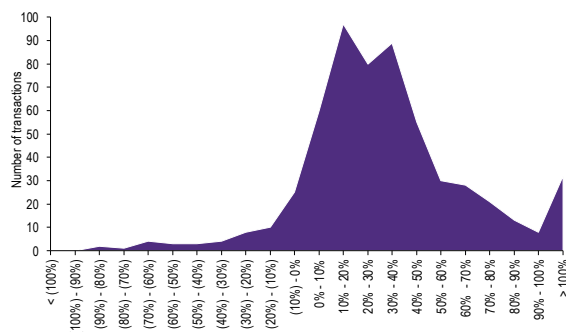
Company	Description
Applied Project Experience Pty Ltd	Applied Project Experience Pty Ltd. develops a paperless site application for contractors in Australia.
Bright People Technologies Pty. Ltd.	Bright People Technologies Pty Ltd develops workforce management software.
Businesses in Asia And Australia of The Sage Group plc	As of May 31, 2021, Businesses in Asia And Australia of The Sage Group plc was acquired by Access UK Limited.
ELMO Software Limited	Elmo Software Limited provides software-as-a-service, cloud-based human resource (HR), payroll, and expense management solutions in Australia, New Zealand, the United Kingdom, and internationally.
IT Vision	IT Vision Australia Pty Ltd develops digital enterprise solutions for local governments and industries.
Limeade, Inc.	Limeade, Inc. develops and sells enterprise well-being, employee experience, and listening software in the United States and internationally.
Itree Pty Limited	Itree Pty Limited develops intelligent software for government agencies and regulators in Australia and New Zealand.
PayGroup Limited	PayGroup Limited provides payroll and human capital management (HCM) solutions in Australia, New Zealand, and Asia.
Sage Schweiz AG	Sage Schweiz Ag provides business software for SME worldwide.
Rightcrowd NV/Rightcrowd Software Pty Limited	As of September 22, 2023, Rightcrowd NV/Rightcrowd Software Pty Limited was acquired by Bloom RC Holdings, Inc.. Workforce Access, Visitor Management and Presence Control business of RightCrowd Limited comprises the security based software solutions development business. The asset is located in Australia.
TIKS Solutions Pty Ltd	TIKS Solutions Pty Ltd develops and operates a platform that provides safe solutions for screening and managing visitors, contractors and staff to check-in safely to workplaces.
Vault Intelligence Limited	Vault Intelligence Limited provides cloud-based and mobile environmental, health, and safety risk software (EHS) software, as well as related services.
Whispir Limited	Whispir Limited, a communications intelligence company, offers communications-as-a service platform in Australia, New Zealand, Asia, and North America. Its no-code platform provides omnichannel interactions between organizations, systems, and people through email, SMS, voice calls, social media, and other messaging apps. The company's platform offers automated workflow, message builder, reporting, pay by text, bulk SMS, 2-way texting, contact management, geofencing, and transact. It serves government, emergency services, healthcare, insurance, education, HR and recruitment, transport and logistics, mining and construction, hospitality and retail, and energy and utility industries. Whispir Limited was incorporated in 2001 and is headquartered in Melbourne, Australia.

Source: S&P Global

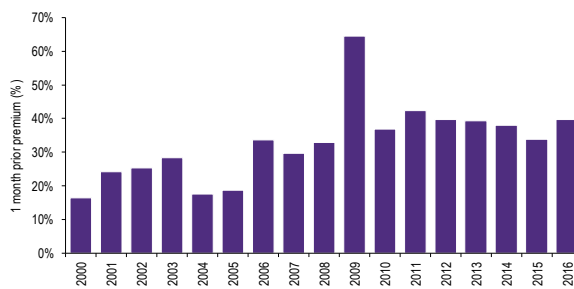
## Appendix F – Control Premium

Evidence from studies indicates that the premium for control on successful takeovers has frequently been in the range of 20.0% to 40.0% in Australia, and that the premium varies significantly for each transaction.

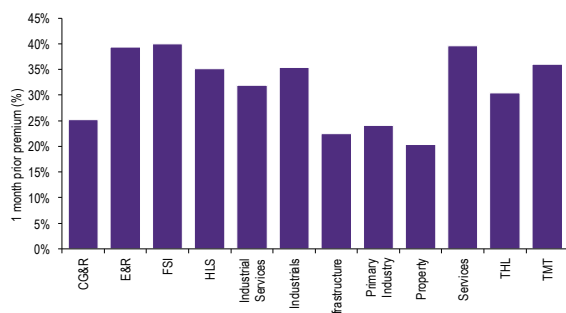
**1 Month Prior Control Premium**



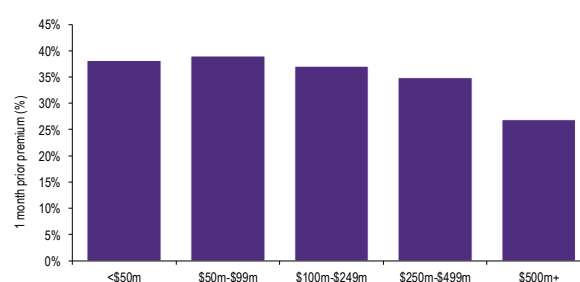
**Control premium per completion date**



**Control premium per industry**



**Control premium and size**



Control premium	
Average	34.33%
Median	29.34%

Source: GTCF Analysis

## Appendix G – Glossary

\$ or A\$ or AUD	Australian Dollar
H1 FYxx	6-month financial period ended 31 December xx
ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumers Commission
ActiveOps	ActiveOps Plc
AI	Artificial Intelligence
APES	Accounting Professional and Ethical Standards
APES225	Accounting Professional and Ethical Standard 225 "Valuation Services"
ARR	Annual Recurring Revenue
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BBSW	Bank Bill Swap Rates
Bigtincan	Bigtincan Holdings Limited
Blackline	Blackline Safety Corp
CAGR	Compound annual growth rate
Call Option	Johannes Risseuw and Christian Damstra, agreeing to grant Ideagen call options to acquire in aggregate a total of 15.3% of the issued Damstra Shares if any person other than the option holder (Ideagen) or any of its affiliates publicly announces a competing proposal or an intention to undertake or propose a competing proposal
Capex	Capital Expenditure
Scheme Consideration	Ideagen acquiring 100.0% of the shares in Damstra for a cash consideration of A\$0.24 per shares
Corporations Act	Corporations Act 2001 (Cth)
Corporations Regulations	Corporations Regulations 2001 (Cth)
COVID-19	Coronavirus pandemic
CPI	Consumer price index
Damstra or Company	Damstra Holdings Limited
Damstra Shareholders	Shareholders of Damstra
Damstra Shares	Shares in Damstra Limited
DCF	Discounted cash flow and the estimated realisable value of any surplus assets
Directors	The directors of Damstra
EBITDA	Earnings before interest, tax expenses, depreciation and amortisation
Effective	The Scheme coming into effect under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme
EPP	Enterprise Protection Platform
ERP	Enterprise Resource Planning
FDD	Financial Due Diligence
FIRB	Foreign Investment Review Board
FME Method	Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets
FSG	Financial Service Guide
FYxx	12-month financial year ended 30 March 20xx
GST	Goods and services tax
GT Model	Grant Thornton Corporate Finance financial model projecting the post-tax free cash flows of the Company
GTCF, Grant Thornton, or Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987)



IBC	independent committee of the Damstra Board
IBM	International Business Machines Corporation
Ideagen	Ideagen Limited
IER	Independent Expert's Report
Internal Projections	Internals projections by Management
IoT	Internet of Things
Kinatico	Kinatico Ltd
KPI	Key performance index
Last Undisturbed Trading Date	24 October 2023, being the last day on which Damstra Shares traded on the ASX before Damstra's announcement of the receipt of the Indicative Proposal
LTI	Long term incentive
Mitratesh	Mitratesh Holdings Inc.
Mitratesh NBIO	Mitratesh Non-Binding Indicative Offer announcement on the 25 October 2023
NAV	Net asset value
NAV Method	Amount available for distribution to security holders in an orderly realisation scenario
NBIO	Non-Binding Indicative Offer
NPAT	Net profit after tax
NTA	Net tangible assets
OOM	Out of Money Options
Options	Damstra options on issue
Pcp	Prior corresponding period
PFG	Partners for Growth IV, L.P
PFG Debt	Damstra's agreement with Partners for Growth IV in relation to the repayment of its debt facility and termination of warrants for a total amount of c. A\$19 million
Prophecy	Prophecy International Holdings Limited
Quoted Security Price Method	Quoted price for listed securities
R&D	Research and Development
RBA	Reserve Bank of Australia
ReadyTech	ReadyTech Holdings Limited
Revenue Multiple	Enterprise value as a multiple of revenue of Listed Peers
RG	Regulatory Guide
RG 60	Regulatory Guide 60 Scheme of arrangement
RG111	ASIC Regulatory Guide 111 "Contents of expert reports"
RG112	ASIC Regulatory Guide 112 "Independence of experts"
Scheme	Scheme of Arrangement
Scheme Booklet	Scheme Booklet of Damstra
Scheme Implementation Date	26 April 2024
Scheme Record Date	Time and date for determining entitlements to the Scheme Consideration
SID or Scheme	Scheme Implementation Deed
STI	Short term incentive
TIKS	TIKS Solutions
Trading Multiples	Revenue Multiples of listed companies
Transaction Multiples	Revenue Multiples of private transactions
Valuation Date	31 December 2023
VWAP	Volume weighted average price
Warrants	Damstra warrants on issue
WMS	Workplace Management Solutions

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**Attachment B      Scheme of Arrangement**

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# **Scheme of arrangement**

**Damstra Holdings Limited**

**Each person registered as a holder of fully paid ordinary shares in Damstra Holdings Limited as at the Record Date**

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## Contents

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1	Defined terms and interpretation	2
2	Preliminary matters	2
3	Conditions	3
4	Implementation of this Scheme	4
5	Scheme Consideration	5
6	Dealings in Target Shares	8
7	Quotation of Target Shares	9
8	General Scheme provisions	9
9	General	11
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**Date:**

This scheme of arrangement is made under section 411 of the Corporations Act.

---

## Parties

- 1 **Damstra Holdings Limited ACN 610 571 607** of Suite 11C, Level 3, 299 Toorak Road, South Yarra, 3141 (**Target**)
- 2 Each Target Shareholder registered as a holder of fully paid Target Shares as at the Record Date (**Scheme Shareholders**)

**The parties agree**

---

## 1 Defined terms and interpretation

### 1.1 Defined terms

A term or expression which is defined in the dictionary in Schedule 1 has the meaning given to it in the dictionary.

### 1.2 Interpretation

The interpretation clause in Schedule 1 sets out rules of interpretation for this Scheme.

---

## 2 Preliminary matters

### 2.1 Target

- (a) Target is an Australian public company limited by shares and Target has been admitted to the official list of ASX.
- (b) As at the date of the Implementation Deed:
  - (i) 257,882,093 Target Shares were on issue and officially quoted for trading on ASX; and
  - (ii) the following securities were on issue:
    - (A) 43,090,775 Options; and
    - (B) 14 Warrants (exercisable into 13,200,261 Target Shares).

### 2.2 Bidder and Bidder Nominee

- (a) Bidder is a private company limited by shares, incorporated and registered in the United Kingdom.
- (b) Bidder Nominee is a proprietary company limited by shares, incorporated and registered in New South Wales, Australia.

### 2.3 If Scheme becomes Effective

- (a) If this Scheme becomes Effective:
  - (i) in consideration of the transfer of the Scheme Shares to Bidder Nominee, Bidder or Bidder Nominee must provide or procure the provision of the

- Scheme Consideration to Target on behalf of the Scheme Shareholders in accordance with this Scheme and the Deed Poll; and
- (ii) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, will be transferred to Bidder Nominee on the Implementation Date; and
  - (iii) Target will enter the name of Bidder Nominee in the Share Register in respect of all the Scheme Shares transferred to Bidder Nominee in accordance with the terms of this Scheme.
- (b) Target and Bidder have entered into the Implementation Deed in respect of (among other things) the implementation of this Scheme.
  - (c) This Scheme attributes certain actions to Bidder and Bidder Nominee but does not itself impose any obligations on Bidder or Bidder Nominee to perform those actions, as Bidder and Bidder Nominee are not party to this Scheme. By executing the Deed Poll, Bidder and Bidder Nominee have agreed to perform the actions attributed to Bidder and Bidder Nominee under this Scheme, including the provision or procuring the provision of the Scheme Consideration to the Scheme Shareholders subject to the terms and conditions of this Scheme.

---

## 3 Conditions

### 3.1 Conditions precedent

This Scheme is conditional on and will not become Effective until and unless the following conditions precedent are satisfied:

- (a) all the conditions in clause 3.1 of the Implementation Deed (other than the condition in clause 3.1(d) of the Implementation Deed relating to Court approval of this Scheme) are satisfied or waived in accordance with the terms of the Implementation Deed by 8:00am on the Second Court Date;
- (b) neither the Implementation Deed nor the Deed Poll is terminated in accordance with its terms before 8:00am on the Second Court Date;
- (c) this Scheme is approved by the Court having made orders under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act as are accepted in writing by Target and Bidder (each acting reasonably);
- (d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Scheme as are accepted in writing by Target and Bidder (each acting reasonably) are satisfied or waived; and
- (e) the order of the Court made under section 411(4)(b) of the Corporations Act approving this Scheme becoming Effective, on or before the End Date.

### 3.2 Certificates

- (a) Each of Target and Bidder will provide a certificate (or such other evidence as the Court may require) to the Court at the Second Court Hearing confirming (in respect of matters within their respective knowledge) whether or not the conditions precedent in clauses 3.1(a) and 3.1(b) of this Scheme have been satisfied or waived (but in the case of the condition precedent in clause 3.1(a), only in respect of those conditions precedent in clause 3.1 of the Implementation Deed (other than the condition precedent in clause 3.1(d) of the Implementation Deed relating to Court approval of this Scheme) that are expressed in clause 3.4 of the Implementation Deed to be for that party's benefit).

- (b) The certificates given by Target and Bidder under clause 3.2(a) constitute conclusive evidence that the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied or waived as at 8:00am on the Second Court Date.

### **3.3 End Date**

Without limiting any rights under the Implementation Deed, this Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date; or
- (b) the Implementation Deed or the Deed Poll is terminated in accordance with its terms,

unless Bidder and Target otherwise agree in writing (and if required, as approved by the Court).

---

## **4 Implementation of this Scheme**

### **4.1 Lodgement of Court orders with ASIC**

If the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(e)) are satisfied, Target must lodge with ASIC an office copy of the order made by the Court under section 411(4)(b) of the Corporations Act approving this Scheme as soon as practicable and in any event before 5:00pm on the Business Day immediately following the day on which Target receives an office copy of the court orders or such later date as Target and Bidder agree in writing.

### **4.2 Transfer of Scheme Shares**

Subject to this Scheme becoming Effective, on the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by clauses 5.1, 5.2(b) and 5.2(c), all of the Scheme Shares, together with all rights and entitlements attaching to them as at the Implementation Date, must be transferred to Bidder Nominee, without the need for any further act by any Scheme Shareholder (other than acts performed by Target (or any directors, officers, or secretaries of Target) as attorney and agent for Scheme Shareholders under clause 8.5), by:
  - (i) Target, in its capacity as the attorney and agent of the Scheme Shareholders, duly completing and executing the Scheme Transfer on behalf of the Scheme Shareholders (as transferors), and delivering it to Bidder or Bidder Nominee; and
  - (ii) Bidder Nominee duly executing the Scheme Transfer (as transferee), attending to the stamping of the Scheme Transfer (if required) and delivering it to Target for registration; and
- (b) immediately following receipt of the Scheme Transfer in accordance with clause 4.2(a), Target must enter, or procure the entry of, the name of Bidder Nominee in the Share Register in respect of all the Scheme Shares transferred to Bidder Nominee in accordance with this Scheme.

---

## 5 Scheme Consideration

### 5.1 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to Bidder Nominee of the Scheme Shares, each Scheme Shareholder will be entitled to the Scheme Consideration for each Scheme Share held by that Scheme Shareholder, subject to the terms of this Scheme.

### 5.2 Provision of Scheme Consideration

- (a) Bidder's obligation to provide the Scheme Consideration will be satisfied by Bidder or Bidder Nominee depositing (or procuring the deposit), in cleared funds an amount equal to the Aggregate Scheme Consideration (less the Withholding Amount as defined in clause 5.2(c)) into the Trust Account before 12:00pm on the Business Day immediately before the Implementation Date (provided that any interest on the amount so deposited (less bank fees and other charges) (**Accrued Interest**) will accrue for the benefit of Bidder), such amount to be held by Target for the purposes of paying the Scheme Consideration to Scheme Shareholders in accordance with clause 5.2(b).
- (b) Subject to Bidder or Bidder Nominee providing the Aggregate Scheme Consideration in accordance with clause 5.2(a), Target must, on the Implementation Date and from the Trust Account, pay (or procure the payment to each Scheme Shareholder of) the proportion of the Aggregate Scheme Consideration attributable to that Scheme Shareholder based on the number of Scheme Shares held by that Scheme Shareholder as at the Record Date, which obligation will be satisfied by Target:
  - (i) where a Scheme Shareholder has, before the Record Date, made an election in accordance with the requirements of the Registry to receive distribution payments from Target by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount of the Aggregate Scheme Consideration in Australian currency by electronic means in accordance with that election; or
  - (ii) dispatching, or procuring the dispatch of, a cheque drawn on an Australian bank in Australian currency for the relevant amount of the Aggregate Scheme Consideration to the Scheme Shareholder by prepaid ordinary post (or, if the address of the Scheme Shareholder is outside Australia, by prepaid airmail post) to that Scheme Shareholder's Registered Address, such cheque being drawn in the name of the Scheme Shareholder (or, in the case of joint holders, in accordance with clause 5.3).
- (c) If Bidder or Bidder Nominee is required by section 260-5 or Subdivision 14-D of Schedule 1 of the *Taxation Administration Act 1953* (Cth), or section 255 of the *Income Tax Assessment Act 1936* (Cth), to pay to the Commissioner of Taxation (**Commissioner**) an amount in respect of the acquisition of Scheme Shares (the **Withholding Amount**), Bidder or Bidder Nominee is permitted to deduct the Withholding Amount from the Scheme Consideration otherwise payable in respect of those Scheme Shares and remit such amounts to the Commissioner. The aggregate sum payable shall not be increased to reflect the deduction of the Withholding Amount and the net sum payable to those Scheme Shareholders to whom the Withholding Amount relates to shall be taken to be in full and final satisfaction of the amounts owing to those Scheme Shareholders.
- (d) If:
  - (i) either:

- (A) a Scheme Shareholder does not have a Registered Address; or
- (B) Target (as the trustee for the Scheme Shareholders) believes that a Scheme Shareholder is not known at the Scheme Shareholder's Registered Address,

and no account has been notified in accordance with clause 5.2(b)(i) or a deposit into such an account is rejected or refunded; or

- (ii) a cheque issued under this clause 5 has been cancelled in accordance with clause 5.5(a),

Target (as the trustee for the Scheme Shareholders) may credit the amount payable to the relevant Scheme Shareholder to a separate bank account of Target (**Separate Account**) to be held until the Scheme Shareholder claims the amount or the amount is dealt with in accordance with the *Unclaimed Money Act 2008* (Vic). To avoid doubt, if the amount payable to the relevant Scheme Shareholder is not credited to a Separate Account, the amount will continue to be held in the Trust Account until the relevant Scheme Shareholder claims the amount or the amount is dealt with in accordance with the *Unclaimed Money Act 2008* (Vic).

Until such time as the amount is dealt with in accordance with the *Unclaimed Money Act 2008* (Vic), Target must hold on trust the amount for the relevant Scheme Shareholder, but any interest or other benefit accruing from the amount will be to the benefit of Bidder. An amount credited to the Separate Account or Trust Account (as applicable) is to be treated as having been paid to the Scheme Shareholder when credited to the Separate Account or Trust Account (as applicable). Target must maintain records of the amounts paid, the people who are entitled to the amounts and any transfers of the amounts.

- (e) To the extent that there is a surplus in the amount held by Target (as the trustee for the Scheme Shareholders) in the Trust Account, that surplus may be paid by Target (as the trustee for the Scheme Shareholders) to Bidder or Bidder Nominee following the satisfaction of Target's obligations as the trustee for the Scheme Shareholders under this clause 5.2.
- (f) Target must pay any Accrued Interest to any account nominated by Bidder following satisfaction of Target's obligations under clause 5.2(b).
- (g) If this Scheme lapses after the Bidder or Bidder Nominee has provided some or all of the Aggregate Scheme Consideration in accordance with clause 5.2(a), but prior to the Bidder Nominee being entered into the Share Register as the holder of the Scheme Shares in accordance with clause 4.2(b):
  - (i) Target must refund (or procure the refund) to Bidder or Bidder Nominee of the amount deposited into the Trust Account in accordance with 5.2(a), together with any interest thereon (less bank fees and charges);
  - (ii) the obligation to transfer Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, to the Bidder Nominee under clause 4.2 will immediately cease; and
  - (iii) the Bidder Nominee must return the Scheme Transfer to Target if Target has provided it to Bidder or the Bidder Nominee under clause 4.2(a)(i).

### 5.3 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any Scheme Consideration payable in respect of those Scheme Shares is payable to the joint holders of those Scheme Shares;

- (b) any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to the holder whose name appears first in the Share Register as at the Record Date in respect of those Scheme Shares; and
- (c) any other document required to be sent under this Scheme will be forwarded to the holder whose name appears first in the Share Register as at the Record Date in respect of those Scheme Shares.

#### **5.4 Fractional entitlements and splitting**

Where the calculation of the Scheme Consideration to be issued to a particular Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a cent, the fractional entitlement will be rounded down to the nearest whole cent.

#### **5.5 Cancellation and re-issue of cheques**

- (a) Target may cancel a cheque issued under this clause 5 if the cheque:
  - (i) is returned to Target or the Registry; or
  - (ii) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of one year commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Target (or the Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), a cheque that was previously cancelled under clause 5.5(a) must be reissued.

#### **5.6 Unclaimed monies**

- (a) The *Unclaimed Money Act 2008* (Vic) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 3 of the *Unclaimed Money Act 2008* (Vic)).
- (b) Any interest or other benefit accruing from unclaimed Scheme Consideration will be to the benefit of Bidder.

#### **5.7 Orders of a court or Government Agency**

If written notice is given to Target (or the Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

- (a) requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Shareholder, which sum would otherwise be payable to that Scheme Shareholder by Target in accordance with this clause 5, then Target will be entitled to make that payment (or procure that it is made) in accordance with that order or direction; or
- (b) prevents Target from making a payment to a particular Scheme Shareholder in accordance with clause 5.2(b), or such payment is otherwise prohibited by applicable law, Target will be entitled to retain an amount, in Australian dollars, equal to the amount of the relevant payment until such time as payment in accordance with this clause 5 is permitted by that order or direction or otherwise by law,

and the payment to any such third party or retention by Target will for all purposes constitute full discharge of Target's obligations under clause 5.2(b) with respect to the amount so paid or retained until, in the case of clause 5.7(b), it is no longer required to be retained.

---

## 6 Dealings in Target Shares

### 6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Target Shares or other alterations to the Share Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Share Register as the holder of the relevant Target Shares at or before the Record Date; and
- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received at or before the Record Date at the place where the Share Register is kept,

and Target must not accept for registration, nor recognise for any purpose (except a transfer to Bidder Nominee pursuant to this Scheme and any subsequent transfer by Bidder Nominee or its successors in title), any transfer or transmission application or other request received after the Record Date, or received prior to the Record Date but not in registrable or actionable form.

### 6.2 Register

Target must register, or cause to be registered, registrable transmission applications or transfers of Scheme Shares in accordance with clause 6.1(b) at or before the Record Date, provided that nothing in this clause 6.2 requires Target to register a transfer that would result in a Target Shareholder holding a parcel of Target Shares that is less than a 'marketable parcel' (as defined in the operating rules of ASX).

### 6.3 No disposals after Record Date

If this Scheme becomes Effective, a Scheme Shareholder (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them after the Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no legal effect and Target will be entitled to disregard any such disposal, purported disposal or agreement.

### 6.4 Maintenance of Share Register

For the purpose of determining entitlements to the Scheme Consideration, Target must maintain the Share Register in accordance with the provisions of this clause 6.4 until the Scheme Consideration has been paid to the Scheme Shareholders and Bidder Nominee has been entered in the Share Register as the holder of all the Scheme Shares. The Share Register in this form will solely determine entitlements to the Scheme Consideration.

### 6.5 Effect of certificates and holding statements

Subject to provision of the Scheme Consideration and registration of the transfer of the Scheme Shares to Bidder Nominee in accordance with this Scheme, all statements of holding or share certificates for Scheme Shares (other than statements of holding in favour of Bidder Nominee or its successors in title) will cease to have effect after the Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Share Register (other than entries in respect of Bidder Nominee or its successors in title) will cease to have effect except as evidence of



entitlement to the Scheme Consideration in respect of the Target Shares relating to that entry.

## **6.6 Details of Scheme Shareholders**

As soon as practicable after the Record Date, and in any event within one Business Day after the Record Date, Target will ensure that the details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Shareholder as shown in the Share Register as at the Record Date are available to Bidder and Bidder Nominee in the form Bidder and Bidder Nominee reasonably require.

---

## **7 Quotation of Target Shares**

- (a) Target will apply to ASX to suspend trading in Target Shares with effect from the close of trading on the ASX on the Effective Date.
- (b) Target will apply:
  - (i) for termination of the official quotation of Target Shares on the ASX; and
  - (ii) to have itself removed from the official list of ASX,in each case with effect on and from the close of trading on the ASX on the trading day immediately following the Implementation Date, or such later date as may be:
  - (iii) requested by Bidder, acting reasonably; and
  - (iv) permitted by ASX.

---

## **8 General Scheme provisions**

### **8.1 Consent to amendments to this Scheme**

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) Target may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which Bidder, acting reasonably, has consented (whether in writing or by Bidder's counsel); and
- (b) each Scheme Shareholder agrees to any such alterations or conditions to which counsel for Target has consented.

### **8.2 Scheme Shareholders' agreements and warranties**

- (a) Each Scheme Shareholder:
  - (i) irrevocably agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to Bidder Nominee in accordance with this Scheme;
  - (ii) agrees to the variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from this Scheme;
  - (iii) agrees to, on the direction of Bidder, destroy any share certificates relating to their Scheme Shares;
  - (iv) acknowledges and agrees that this Scheme binds Target and all Scheme Shareholders (including those who did not attend the Scheme Meeting and those who did not vote, or voted against this Scheme, at the Scheme Meeting),without the need for any further act by the Scheme Shareholder.



- (b) Each Scheme Shareholder is taken (by operation of this Scheme and without the need for any further act by that Scheme Shareholder) to have warranted to Target and Bidder and Bidder Nominee, and appointed and authorised Target as its attorney and agent to warrant to Bidder and Bidder Nominee, that:
  - (i) all of their Scheme Shares (including any rights and entitlements attaching to their Scheme Shares) which are transferred under this Scheme will, at the time of transfer of them to Bidder Nominee, be fully paid and free from all:
    - (A) mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise; and
    - (B) restrictions on transfer of any kind;
  - (ii) they have full power and capacity to transfer their Scheme Shares to Bidder Nominee under the Scheme together with any rights and entitlements attaching to those Scheme Shares;
  - (iii) as at the Record Date, they have no existing right to be issued any other Scheme Shares, any other form of Target Shares, options exercisable into Target Shares, Target convertible notes or any other securities in Target.

### **8.3 Title to and rights in Scheme Shares**

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Bidder will, at the time of transfer of them to Bidder Nominee, be fully paid and will vest in Bidder Nominee free from all:
  - (i) mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise; and
  - (ii) restrictions on transfer of any kind.
- (b) On the provision of the Scheme Consideration in the manner contemplated by clause 5, Bidder Nominee will be beneficially entitled to the Scheme Shares to be transferred to Bidder Nominee under this Scheme pending registration by Target of Bidder Nominee in the Share Register as the holder of the Scheme Shares. Bidder Nominee's entitlement to be registered in the Share Register as the holder of the Scheme Shares arises on the Implementation Date in accordance with clause 4.2.

### **8.4 Appointment of Bidder Nominee as sole proxy**

On the provision of the Scheme Consideration in the manner contemplated by clause 5 and until Target registers Bidder Nominee as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

- (a) without the need for any further act by that Scheme Shareholder, irrevocably appoints Bidder Nominee as attorney and agent (and directs Bidder Nominee in each such capacity) to appoint any director, officer, secretary or agent nominated by Bidder Nominee from time to time as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in that Scheme Shareholder's name and sign any shareholders' resolution whether in person, by proxy or by corporate representative;
- (b) must not attend or vote at any shareholders' meetings, exercise the votes attaching to Scheme Shares registered in that Scheme Shareholder's names or sign any

shareholders' resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 8.4(a));

- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as Bidder Nominee reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers conferred by clause 8.4(a), Bidder Nominee and any director, officer, secretary or agent nominated by Bidder Nominee under that clause may act in the best interests of Bidder Nominee as the intended registered holder of the Scheme Shares.

## **8.5 Authority given to Target**

On and from the Effective Date, each Scheme Shareholder, without the need for any further act by the Scheme Shareholder, irrevocably appoints Target and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purposes of:

- (a) enforcing the Deed Poll against Bidder and Bidder Nominee; and
- (b) executing any document, or doing or taking any other act, necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including executing the Scheme Transfer,

and Target accepts such appointment. Target, as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors, officers or secretaries (jointly, severally or jointly and severally).

## **8.6 Binding effect of this Scheme**

This Scheme binds Target and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting and those who did not vote, or voted against this Scheme, at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Target.

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# **9 General**

## **9.1 Stamp duty**

Bidder or Bidder Nominee will:

- (a) pay all stamp duty (if any) and any related fines and penalties payable in respect of the Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under or in connection with the Scheme and the Deed Poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure by Bidder or Bidder Nominee to comply with clause 9.1(a).

## **9.2 Consent**

Each Scheme Shareholder irrevocably consents to Target doing all acts, matters or things, including executing and delivering all deeds, instruments transfers and other documents (whether on its own behalf or as agent and attorney of that Scheme Shareholder) necessary, desirable or incidental to give full effect to the implementation of this Scheme and the transactions contemplated by it (including as may be required by law or the Court), whether on behalf of the Scheme Shareholders, Target or otherwise.

### **9.3 Notices**

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Target, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Target's registered office or at the office of the Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Target Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

### **9.4 Governing law and jurisdiction**

- (a) This Scheme and any dispute arising out of or in connection with the subject matters of this document is governed by the laws in force in Victoria, Australia.
- (b) Each party irrevocably:
  - (i) submits to the non-exclusive jurisdiction of the courts of Victoria, Commonwealth courts having jurisdiction in that state and the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought at any time relating to this Scheme; and
  - (ii) waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 9.4(b)(i).

### **9.5 No liability when acting in good faith**

Each Scheme Shareholder agrees (by operation of this Scheme and without the need for any further act by the Scheme Shareholder) that neither the Bidder, the Bidder Nominee nor the Target, nor any directors, officers, or secretaries of Target, will be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

### **9.6 Further action**

Target must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

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## Schedule 1    Dictionary

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### 1    Dictionary

**Accrued Interest** has the meaning given in clause 5.2(a).

**Aggregate Scheme Consideration** means the Scheme Consideration multiplied by the total number of Scheme Shares.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691) or, where the context requires, the financial market operated by it.

**Bidder** means Ideagen Limited.

**Bidder Nominee** means Ideagen (Australia) Cerium BidCo Pty Limited (ACN 675 211 426).

**Business Day** has the meaning given in the official listing rules of ASX.

**CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited and ASX Clear Pty Limited.

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

**Court** means the Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act as agreed in writing between Target and Bidder.

**Deed Poll** means the deed poll dated 25 January 2024 under which, among other things, Bidder and Bidder Nominee covenant in favour of Scheme Shareholders to provide the Scheme Consideration in accordance with the Scheme.

**Effective** means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme.

**Effective Date** means the date on which this Scheme becomes Effective.

**End Date** means the date which is 6 months from the date of the Implementation Deed, or such later date as Target and Bidder agree in writing.

**Government Agency** means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal, statutory or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian. It also includes any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions (including ASIC and the Takeovers Panel).

**Implementation Date** means the fifth Business Day after the Record Date or such other day as Target and Bidder agree in writing.

**Implementation Deed** means the scheme implementation deed dated 25 January 2024 between Target and Bidder relating to, among other things, the implementation of the Scheme.

**Notice** has the meaning given in the Implementation Deed.

**Option** has the meaning given in the Implementation Deed.

**Record Date** means 7:00pm on the fifth Business Day after the Effective Date of the Scheme, or such other time and date as Target and Bidder agree in writing and ASX may allow.

**Registered Address** means, in relation to a Scheme Shareholder, the address shown in the Share Register as at the Record Date.

**Registry** means Automic Pty Ltd (ACN 152 260 814).

**Scheme** means this scheme of arrangement between Target and Scheme Shareholders under which all of the Scheme Shares will be transferred to Bidder Nominee under Part 5.1 of the Corporations Act, in consideration for the Scheme Consideration, subject to any alterations or conditions that are:

- (a) agreed to in writing by Target and Bidder, and approved by the Court; or
- (b) made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by Target and Bidder.

**Scheme Consideration** means, in respect of each Scheme Share, \$0.24.

**Scheme Meeting** means the meeting of Target Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act.

**Scheme Share** means a Target Share held by a Scheme Shareholder.

**Scheme Shareholder** means a Target Shareholder as at the Record Date.

**Scheme Transfer** means one or more proper instruments of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, which may be or include a master transfer of all or part of the Scheme Shares.

**Second Court Date** means the first day on which an application made to the Court for orders under section 411(4)(b) of the Corporations Act approving this Scheme is heard (or if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard), with such hearing being the **Second Court Hearing**.

**Separate Account** has the meaning given in clause 5.2(c).

**Share Register** means the register of Target Shareholders maintained in accordance with the Corporations Act.

**Target** means Damstra Holdings Limited (ACN 610 571 607).

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

**Target Shareholder** means a holder of one or more Target Shares, as shown in the Share Register.

**Trust Account** means an Australian dollar denominated trust account which is operated by Target as trustee for the Scheme Shareholders.

**Warrant** has the meaning given in the Implementation Deed.

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## 2 Interpretation

In this Scheme, the following rules of interpretation apply unless the contrary intention appears.

- (a) Headings are for convenience only and do not affect the interpretation of this Scheme.
- (b) The singular includes the plural and vice versa.
- (c) Words that are gender neutral or gender specific include each gender.
- (d) Where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings.
- (e) The words 'include', 'including', 'such as', 'for example' and similar expressions are not words of limitation and do not limit what else might be included.
- (f) A reference to:
  - (i) a person includes a natural person, partnership, joint venture, Government Agency, association, corporation or other body corporate or entity (as that term is defined in section 64A of the Corporations Act);
  - (ii) a thing (including a chose in action or other right) includes a part of that thing;
  - (iii) a party includes its successors and permitted assigns;
  - (iv) a document includes all amendments or supplements to that document;
  - (v) a clause, term, party, schedule or attachment is a reference to a clause or term of, or a party, schedule or attachment to, this Scheme (as applicable);
  - (vi) this Scheme includes all schedules to it;
  - (vii) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity or an ASX Listing Rule and is a reference to that law as amended, consolidated or replaced;
  - (viii) an agreement (other than this Scheme) includes an undertaking or legally enforceable arrangement or understanding (whether or not in writing);
  - (ix) a time period includes the date referred to as that on which the period begins and the date referred to as that on which the period ends; and
  - (x) a monetary amount is in Australian dollars.
- (g) An agreement on the part of two or more persons binds them jointly and severally.
- (h) When the day on which something must be done is not a Business Day, that thing must be done on the following Business Day.
- (i) In determining the time of day where relevant to this Scheme, the time of day is:
  - (xi) for the purposes of giving or receiving Notice, the time of day where the party receiving Notice is located; or
  - (xii) for any other purpose under this Scheme, the time of day in the place where the party required to perform an obligation is located.

- (j) No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this Scheme or any part of it.







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# Deed poll

**Ideagen Limited**

**Ideagen (Australia) Cerium BidCo Pty Limited**

In favour of each person registered as a holder of fully paid ordinary shares in Damstra Holdings Limited as at the Record Date

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3	Bidder undertakings	3
4	Warranties	4
5	Continuing obligations	4
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**Date:** 6 March 2024

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## Parties

**Each of:**

**Ideagen Limited** (Company Number 02805019) of One Mere Way, Ruddington, Nottingham, United Kingdom, NG11 6JS (**Bidder**); and

**Ideagen (Australia) Cerium BidCo Pty Limited** (ACN 675 211 426) of Suite 602, Level 6, 418A Elizabeth Street, Surry Hills NSW 2010 (**Bidder Nominee**)

In favour of:

Each person registered as a holder of Target Shares as at the Record Date (**Scheme Shareholders**)

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## Background

- A Target and Bidder have entered into the Implementation Deed, under which:
- (i) Target and Bidder have agreed to implement the Scheme;
  - (ii) Bidder has nominated Bidder Nominee to acquire all of the Scheme Shares;
  - (iii) the effect of the Scheme will be that all Scheme Shares will be transferred to Bidder Nominee; and
  - (iv) Bidder has agreed to (and agreed to procure Bidder Nominee to):
    - (A) enter into this deed poll; and
    - (B) pay or procure the provision of the Scheme Consideration to each Scheme Shareholder, in accordance with the Scheme.
- B Bidder and Bidder Nominee are entering into this deed poll for the purpose of covenanting in favour of the Scheme Shareholders to undertake the actions attributed to Bidder and Bidder Nominee under the Scheme Implementation Deed and the Scheme.
- 

## 1 Defined terms and interpretation

### 1.1 Defined terms

Unless the context otherwise requires:

- (a) **Implementation Deed** means the scheme implementation deed dated 25 January 2024 between Target and Bidder relating to (among other things) the implementation of the Scheme; and
- (b) terms defined in the Implementation Deed have the same meaning when used in this deed poll.

### 1.2 Interpretation

Clause 2 of Schedule 1 of the Implementation Deed applies to the interpretation of this deed poll as if that clause was set out in full in this deed poll, except that references to 'this deed' in that clause are to be read as references to 'this deed poll'.

### 1.3 Nature of deed poll

Each of Bidder and Bidder Nominee acknowledge and agree that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with the terms of this deed poll, even though the Scheme Shareholders are not party to this deed poll; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Target and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against Bidder and/or Bidder Nominee on behalf of that Scheme Shareholder.

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## 2 Conditions

### 2.1 Conditions

This deed poll and the obligations of Bidder and Bidder Nominee under this deed poll are subject to the Scheme becoming Effective.

### 2.2 Termination

This deed poll and the obligations of Bidder and Bidder Nominee under this deed poll will automatically terminate, and the terms of this deed poll will be of no further force or effect, if:

- (a) the Implementation Deed is terminated in accordance with its terms; or
- (b) the Scheme does not become Effective by the End Date or any later date as the Court (with the written consent of Bidder and Target) may order,

unless Target, Bidder and Bidder Nominee otherwise agree in writing.

### 2.3 Consequences of termination

If this deed poll is terminated under clause 2.2:

- (a) each of Bidder and Bidder Nominee is released from their respective obligations to further perform this deed poll, except those obligations under clause 6.1; and
- (b) in addition and without prejudice to any other rights, powers or remedies available to the Scheme Shareholders, each Scheme Shareholder retains the rights they have against Bidder and/or Bidder Nominee in respect of any breach of this deed poll which occurred before this deed poll was terminated.

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## 3 Bidder and Bidder Nominee undertakings

Subject to clause 2, each of Bidder and Bidder Nominee undertakes in favour of each Scheme Shareholder to:

- (a) deposit, or procure the deposit, of the Aggregate Scheme Consideration in cleared funds into a trust account operated by Target as trustee for the Scheme Shareholders before 12:00pm on the Business Day immediately before the Implementation Date (it being noted that, in accordance with the Scheme, any interest on the amount so deposited, less bank fees and other charges, will accrue for the benefit of Bidder and Bidder Nominee);
- (b) provide or procure the provision of the Scheme Consideration in accordance with the terms of the Scheme; and
- (c) undertake, or procure the undertaking of, all other actions attributed to Bidder or Bidder Nominee under the Scheme, as if named as a party to the Scheme,

in each case subject to, and in accordance with, the terms and conditions of the Scheme.

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## 4 Warranties

Each of Bidder and Bidder Nominee represents and warrants in favour of each Scheme Shareholder that:

- (a) it is a corporation validly existing under the laws of its place of incorporation;
- (b) it has the legal right and full corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance by it of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) it is solvent and no resolutions have been passed nor has any other step been taken or legal proceedings commenced or threatened against it for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets (or any event under any law which is analogous to, or which has a substantially similar effect to, any of the events referred to in this paragraph);
- (e) this deed poll is valid and binding on it and is enforceable against it in accordance with the terms of this deed poll; and
- (f) this deed poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.

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## 5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) both Bidder and Bidder Nominee have fully performed their respective obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.2.

---

## 6 General

### 6.1 Stamp duty

Bidder or Bidder Nominee must:

- (a) pay all stamp duty (if any) and any related fines and penalties payable on or in connection with the transfer by the Scheme Shareholders of the Scheme Shares to Bidder Nominee pursuant to the Scheme and this deed poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure by Bidder or Bidder Nominee to comply with clause 6.1(a).

### 6.2 Notices

- (a) Any notice or other communication to Bidder and Bidder Nominee in connection with this deed poll must be:
  - (i) in legible writing in English;

- (ii) signed by the person making the communication or that person's duly authorised agent; and
- (iii) given by hand delivery, pre-paid post or email in accordance with the details set out below:

#### **Bidder and Bidder Nominee**

Attention: Emma Hayes

Address: One Mere Way, Ruddington, Nottingham NG11 6JS, United Kingdom

Email: Emma.Hayes@ideagen.com with a copy (for information purposes only) to nick.kipriotis@minterellison.com

- (b) Subject to clause 6.2(b)(i), any notice or other communication given in accordance with clause 6.2(a) will be deemed to have been received as follows:
  - (i) if sent by delivery, when it is delivered;
  - (ii) if sent by post, three days after posting (or seven days after posting if sent from one country to another);
  - (iii) if sent by email:
    - (A) when the sender receives an automated message confirming delivery; or
    - (B) four hours after the time sent (as recorded on the device from which the email was sent), provided that the sender does not receive an automated message that the email has not been delivered,

whichever happens first.

- (c) Any notice or other communication that, pursuant to clause 6.2(b), would be deemed to be given:
  - (i) before 9:00am on a Business Day, it will be taken to be received at 9:00am on that Business Day; or
  - (ii) after 5:00pm on a Business Day or on a non-Business Day, it will be taken to be received at 9:00am on the next Business Day,

where references to time are to time in the place the recipient is located.

### **6.3 Cumulative rights**

The rights, powers and remedies of Bidder, Bidder Nominee and each Scheme Shareholder under this deed poll are cumulative with, and do not exclude, the rights, powers or remedies provided by law or equity or by any agreement, in each case independently of this deed poll.

### **6.4 Waiver**

- (a) A party waives a right under this deed poll only by written notice that it waives that right. A waiver is limited to the specific instance to which it relates and to the specific purpose for which it is given.
- (b) Failure to exercise or enforce, a delay in exercising or enforcing or the partial exercise or enforcement of:
  - (i) any right, power or remedy provided by law or under this deed poll; or

- (ii) any right, power, authority, discretion or remedy created or arising upon default under this deed poll,

by any party will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement, of that or any other right, power or remedy provided by law or under this deed poll.

## **6.5 Variation**

A provision of this deed poll may not be varied unless:

- (a) if before the First Court Date, the variation is agreed to by Target, Bidder and Bidder Nominee in writing (which such agreement may be given or withheld without reference to, or without the approval by or consent of, any Scheme Shareholder); or
- (b) if on or after the First Court Date, the variation is agreed to by Target, Bidder and Bidder Nominee in writing (which such agreement may be given or withheld without reference to, or without the approval by or consent of, any Scheme Shareholder) and the Court indicates that the variation would not of itself preclude approval by the Court of the Scheme,

in which event Bidder and Bidder Nominee must enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

## **6.6 Governing law and jurisdiction**

- (a) This deed poll is governed by the laws in force in Victoria, Australia.
- (b) Each of Bidder and Bidder Nominee irrevocably:
  - (i) submits to the non-exclusive jurisdiction of the courts of Victoria, Commonwealth courts having jurisdiction in that state and the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought at any time relating to the Scheme; and
  - (ii) waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now, or in the future, have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 6.6(b)(i).

## **6.7 Assignment**

- (a) The rights created by this deed poll are personal to Bidder, Bidder Nominee and each Scheme Shareholder, and must not be dealt with at law or in equity and/or otherwise assigned or encumbered.
- (b) Any purported dealing in contravention of clause 6.7(a) is invalid.

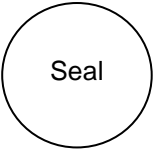
## **6.8 Further action**

Bidder and Bidder Nominee must, at their own expense, promptly do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.

Execution page

Executed as a deed.

Signed on behalf of, and sealed and delivered  
by, **Ideagen Limited** (UK company  
number 02805019) by:



DocuSigned by:  
*Benjamin Charles Dorks*  
5D7A330FDDFF0455...  
Signature of authorised signatory

BENJAMIN CHARLES DORKS  
Name of authorised signatory

DocuSigned by:  
*Emma Jane Hayes*  
22C1C1C237AD4BF...  
Signature of authorised signatory

EMMA JANE HAYES  
Name of authorised signatory

Signed on behalf of, and sealed and delivered  
by, **Ideagen (Australia) Cerium BidCo Pty  
Limited** (ACN 675 211 426) by:

DocuSigned by:  
*Benjamin Charles Dorks*  
5D7A330FDDFF0455...  
Signature of director

BENJAMIN CHARLES DORKS  
Name of director

DocuSigned by:  
*Emma Jane Hayes*  
22C1C1C237AD4BF...  
Signature of director

EMMA JANE HAYES  
Name of director



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## Attachment D Notice of Scheme Meeting

### Damstra Holdings Limited (ACN 610 571 607)

Notice is hereby given that, by an order of the Supreme Court of New South Wales (**Court**) made on Friday, 8 March 2024 pursuant to section 411(1) of the *Corporations Act 2001 (Cth)* (**Corporations Act**), a meeting of the holders of ordinary shares in Damstra Holdings Limited (ACN 610 571 607) (**Damstra**) will be held at 11.00am (Sydney time) on Wednesday, 10 April 2024.

The Scheme Meeting will be held as a virtual meeting. Damstra Shareholders and duly appointed proxies, attorneys and corporate representatives of Damstra Shareholders can attend, participate and vote at the Scheme through the Online Scheme Meeting Platform (details of which are set out below). Damstra Shareholders (and duly appointed proxies, attorneys or corporate representatives of Damstra Shareholders) who participate in the Scheme Meeting through the Online Scheme Meeting Platform will be able to listen to the Scheme Meeting and cast a vote and ask questions online through the Online Scheme Meeting Platform.

### Business of the Scheme Meeting – the Scheme Resolution

To consider and, if thought fit, to pass the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

*“That pursuant to, and in accordance with, section 411 of the Corporations Act, the proposed arrangement between Damstra and the holders of its fully paid ordinary shares, designated as the Scheme, the terms of which are contained in and more particularly described in the Scheme Booklet (of which this Notice of Scheme Meeting forms part) is approved (with or without alterations and/or conditions as approved by the Court and agreed to by Damstra and Ideagen).”*

### By Order of the Court



Paul Burrows  
Company Secretary  
Damstra Holdings Limited  
11 March 2024

### EXPLANATORY NOTES AND VOTING INSTRUCTIONS

#### Chairperson of the Scheme Meeting

The Court has directed that Johannes Risseuw act as Chairperson of the meeting or, failing him, Drew Fairchild.

#### Purpose of the Scheme Meeting and information about the Scheme

The purpose of the Scheme Meeting is to consider and, if thought fit, to pass the Scheme Resolution, which is set out above.

To enable Damstra Shareholders to make an informed decision on the Scheme Resolution, information about the Scheme is set out in the Scheme Booklet, of which this Notice of Scheme Meeting forms part.

Capitalised terms used, but not otherwise defined, in this Notice of Scheme Meeting have the same meaning as set out in the Glossary in Section 12 (**Glossary**) of the Scheme Booklet.

These explanatory notes should be read in conjunction with the Scheme Booklet.

The Damstra Directors unanimously recommend that Damstra Shareholders vote in favour of Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Damstra Shareholders.

Subject to the same qualifications, each Damstra Director who holds Damstra Shares intends to vote, or cause to be voted, all Damstra Shares that he or she holds or Controls in favour of the Scheme Resolution.

The Relevant Interests of the Damstra Directors in Damstra Shares, and interests of the Damstra Directors in the Scheme are disclosed in Section 11 (**Additional information**) of the Scheme Booklet. Damstra Shareholders should have regard to these interests when considering the Damstra Directors' unanimous recommendation in respect of the Scheme.<sup>14</sup>

### **Requisite Majorities required to pass the Scheme Resolution**

In accordance with section 411(4)(a)(ii) of the Corporations Act, the Scheme Resolution must be approved by:

- (a) a majority in number (more than 50%) of the Damstra Shareholders who are present and voting (either personally, by proxy or attorney or, in the case of a corporate holder, by duly appointed corporate representative) at the Scheme Meeting; and
- (b) at least 75% of the votes cast on the Scheme Resolution by Damstra Shareholders.

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<sup>14</sup> As at the date of this Scheme Booklet, Mr Johannes Risseeuw (Executive Chairman of Damstra) holds or controls 19,417,992 Damstra Shares (representing 7.51% of the Damstra Shares on issue) and Mr Christian Damstra (Chief Executive Officer and Director) holds or controls 20,037,772 Damstra Shares (representing 7.75% of the Damstra Shares on issue). The other Damstra Directors hold or control such number of Damstra Shares as set out in section 11.1 of the Scheme Booklet.

In addition:

- (a) Entities associated with Mr Johannes Risseeuw, Executive Chairman of Damstra, will receive a cash payment as consideration in respect of the cancellation or extinguishment (as applicable) of Damstra Options and Damstra Cash Incentives held by those entities, of an amount equal to \$1,144,756. See Section 11.6(b)(i) of the Scheme Booklet for further detail.
- (b) Entities associated with Mr Christian Damstra, Chief Executive Officer and Director of Damstra, will receive a cash payment as consideration in respect of the cancellation or extinguishment (as applicable) of Damstra Options and Damstra Cash Incentives held by those entities, of an amount equal to \$1,229,970. See Section 11.6(b)(ii) of the Scheme Booklet for further detail.

Further detail on the treatment of Damstra Options, Damstra Conditional Rights and Damstra Cash Incentives under the Scheme is set out in Section 11.3 of the Scheme Booklet.

The Non-executive Directors consider that, despite these arrangements and interests, it is important and appropriate for each of Mr Risseeuw and Mr Damstra to make a recommendation to the Damstra Shareholders in respect of the Scheme, because: (i) of the importance of the Scheme and their roles as Damstra Directors; (ii) of their knowledge of Damstra and the industry in which it operates; and (iii) in their view, the Damstra Shareholders would likely want to know their recommendations in respect of the Scheme. Each of Mr Risseeuw and Mr Damstra also consider that despite the arrangements and interests described above, it is appropriate for each of them to make a recommendation to the Damstra Shareholders in respect of the Scheme given the importance of the Scheme and their knowledge of Damstra and the industry in which it operates.

Further, pursuant to a salary sacrifice arrangement described in Section 11.3(a)(ii), each Non-executive Director will have their ZEP Options received in lieu of board and committee fees cancelled for consideration of an amount equal to \$153,515 (Mr Drew Fairchild), \$126,624 (Mr Morgan Hurwitz), \$121,515 (Mr Simon Yencken) and \$116,404 (Ms Sara La Mela). See Section 11.7 for further detail.

Voting at the Scheme Meeting will be conducted by poll.

### **Court approval**

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without modification) must be approved by an order of the Court. If the Scheme Resolution put to the Scheme Meeting is passed by the Requisite Majorities described above and the other Conditions Precedent to the Scheme becoming Effective (other than final Court approval of the Scheme at the Second Court Hearing) are satisfied (or, if applicable, waived), Damstra intends to apply to the Court for approval of the Scheme.

### **Entitlement to vote at the Scheme Meeting**

The Court has ordered that, for the purposes of the Scheme Meeting, Damstra Shares will be taken to be held by the persons who are registered Damstra Shareholders as at 7.00pm (Sydney time) on Monday, 8 April 2024. Accordingly, registrable transmission applications or transfers registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting. Voting is not compulsory.

### **Jointly held Damstra Shares**

If voting during the Scheme Meeting, joint holders will be registered with only one voting card. If attending individually, the first holder to register to vote will receive the voting card.

If voting by proxy:

- the proxy form must be signed by all shareholders; and
- the most recent proxy will supersede all previously lodged proxies.

### **Voting procedure at the Scheme Meeting**

Voting at the Scheme Meeting will be conducted by way of a poll. The results of the Scheme Meeting will be announced to the ASX as soon as practicable after the Scheme Meeting.

The Chairman of the Scheme Meeting intends to vote all available proxies (as described below) in favour of the Scheme Resolution.

### **Voting at the Scheme Meeting**

Damstra is pleased to provide Damstra Shareholders with the opportunity to attend and participate in a virtual Scheme Meeting through an online meeting platform powered by Automatic, where shareholders will be able to watch, listen and vote online.

Damstra Shareholders will be able to vote and ask questions at the virtual Scheme Meeting. Damstra Shareholders are also encouraged to submit questions in advance of the Scheme Meeting to Damstra. Questions must be submitted in writing to Paul Burrows at [p.burrows@damstratechnology.com](mailto:p.burrows@damstratechnology.com) at least 48 hours before the Scheme Meeting.

Damstra will also provide Damstra Shareholders the opportunity to ask questions during the Scheme Meeting in respect to the formal item of business as well as general questions in respect to Damstra and its business at the conclusion of the Scheme Meeting.

To attend the Scheme 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.

### **Participation in, and voting at, the Scheme Meeting through the Online Scheme Meeting Platform**

Damstra Shareholders will need their Shareholder Reference Number (**SRN**) or Holder Identification Number (**HIN**) (which is shown on the front of their holding statement or Scheme Meeting Proxy Form), and their postcode (or country code, if outside Australia).

To access the virtual Scheme Meeting:

- 1 Open your internet browser and go to [investor.automic.com.au](https://investor.automic.com.au)
- 2 Login with your username and password or click “register” if you haven’t already created an account. **Damstra 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 Scheme 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**

You can view the meeting live, ask questions verbally or via a live text facility and cast votes at the appropriate times while the meeting is in progress.

### **How do I create an account with Automic?**

To create an account with Automic, please go to the Automic website (<https://investor.automic.com.au/#/home>), click on “register” and follow the steps. Damstra Shareholders will require their holder number (SRN or 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](https://www.automic.com.au). It is recommended that you register to use the registry website well in advance of the Scheme Meeting to save time on the day of the Scheme Meeting. Should you have any difficulties, you can contact the Damstra Share Registry by telephone on 1300 288 664 (within Australia) and +61 2 9698 5414 (outside Australia).

Attorneys and corporate representatives can log in to the Online Scheme Meeting Platform using the SRN/HIN of the Damstra Shareholder that appointed them.

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

The Scheme Meeting Online Guide (a copy of which is attached to this Scheme Booklet at Attachment F) contains further details about the Online Scheme Meeting Platform. The Scheme Meeting Online Guide provides a step-by-step guide to successfully register and vote using the Online Scheme Meeting Platform.

The Online Scheme Meeting Platform will allow Damstra Shareholders and their duly appointed proxies, attorneys and corporate representatives to listen to the Scheme Meeting, cast an online vote and ask questions online.

Online voting will be open between the start of the Scheme Meeting and the closing of voting as announced by the Chairman during the Scheme Meeting.

If you attend the Scheme Meeting through the Online Scheme Meeting Platform and vote in your capacity as a Damstra Shareholder, any votes cast by your proxy or attorney (if any) will not be counted.

### **Appointing a proxy**

A Damstra Shareholder entitled to participate in and vote at the Scheme Meeting may appoint a person to participate in and vote at the Scheme Meeting as their proxy. If you are unable to attend the Scheme Meeting, you are encouraged to appoint a proxy to attend the Scheme Meeting and vote on your behalf.

Damstra Shareholders are notified that the following applies to proxy appointments:

- (a) a Damstra Shareholder who is entitled to attend and cast a vote at the Scheme Meeting may appoint a proxy to attend the Scheme Meeting and vote for the Damstra Shareholder;
- (b) the appointment of the proxy may specify the proportion or number of votes that the proxy may exercise on the appointing Damstra Shareholder's behalf;
- (c) a Damstra Shareholder who is entitled to cast two or more votes at the Scheme Meeting may appoint one or two proxies. If you wish to appoint a second proxy, a second hard copy proxy form should be used and you should clearly indicate on the second proxy form that it is a second proxy and not a revocation of your first proxy. Both proxy forms should be returned together in the same envelope. If you wish to appoint two proxies using hard copy proxy forms, you will need to obtain a second proxy form. Please contact the Damstra Shareholder Information Line on 1300 101 594 (within Australia) and +61 2 8072 1412 (outside Australia) to obtain an additional proxy form. You cannot appoint a second proxy online. Where two proxies are appointed, each proxy should be appointed to represent a specified proportion of the Damstra Shareholder's voting rights. If a Damstra Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Damstra Shareholder's votes that each proxy may exercise, each proxy may exercise half of that Damstra Shareholder's votes (with any fractions of votes disregarded);
- (d) a proxy may be an individual or a body corporate and need not be a Damstra Shareholder. If an eligible Damstra Shareholder appoints a body corporate as a proxy, the body corporate will need to ensure that it appoints an individual as the corporate representative and provides satisfactory evidence of that appointment. If a body corporate is appointed as a proxy, it must ensure that it appoints an individual as its corporate representative in accordance with sections 250D of the Corporations Act to exercise its powers as proxy at the Scheme Meeting;
- (e) if you hold Damstra Shares jointly with one or more other persons, in order for your proxy appointment to be valid, either Damstra Shareholder may sign the Scheme Meeting Proxy Form; and
- (f) each proxy will have the right to vote on the poll conducted at the Scheme Meeting and also to ask questions at the Scheme Meeting (in each case, through the Online Scheme Meeting Platform).

A proxy cannot be appointed electronically if they are appointed under a power of attorney or similar authority.

## Voting by proxy

A Damstra Shareholder entitled to participate in and vote at the Scheme Meeting may appoint a person to participate in and vote at the Scheme Meeting as their proxy. If you are unable to attend the Scheme Meeting, you are encouraged to appoint a proxy to attend the Scheme Meeting and vote on your behalf.

You can direct your proxy to vote by following the instructions on the Scheme Meeting Proxy Form. You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote 'for' or 'against', or 'abstain' from voting on, the Scheme Resolution, or whether to leave the decision to the proxy after he or she has considered the matters discussed at the Scheme Meeting.

If you do not direct your proxy how to vote on the Scheme Resolution, the proxy may vote, or abstain from voting, as he or she thinks fit. If you instruct your proxy to abstain from voting on an item of business, he or she is directed not to vote on your behalf, and the Damstra Shares the subject of the proxy appointment will not be counted in computing the Requisite Majorities.

If the Chairman of the Scheme Meeting is appointed as your proxy (or is appointed as your proxy by default), the Chairman can be directed how to vote by ticking the relevant boxes next to the Scheme Resolution on the Scheme Meeting Proxy Form (i.e. 'for', 'against' or 'abstain'). The Chairman of the Scheme Meeting is required to cast all votes as directed. The Chairman of the Scheme Meeting intends to vote all undirected and other available proxies in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Damstra Shareholders.

Any directed proxies that are not voted on a poll at the online Scheme Meeting by a Damstra Shareholder's appointed proxy will automatically default to the Chairman of the Scheme Meeting, who is required to vote proxies as directed on a poll.

If you return your proxy form:

- (a) without identifying a proxy on it, you will be taken to have appointed the Chairman of the Scheme Meeting as your proxy to vote on your behalf; or
- (b) with a proxy identified on it but your proxy does not participate in the Scheme Meeting, the Chairman of the Scheme Meeting will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

If you have appointed a proxy and participate in and vote at the Scheme Meeting, the authority of your proxy to participate and vote, on your behalf, is automatically suspended. However, if you view a live webcast of the Scheme Meeting as a 'visitor', you will not revoke your proxy appointment.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the Damstra Share Registry before the start of the Scheme Meeting (or, if the Scheme Meeting is adjourned or postponed, before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the ways in the "Lodging the Scheme Meeting Proxy Form" section below.



## **Lodging the Scheme Meeting Proxy Form**

Completed Scheme Meeting Proxy Forms must be received by Damstra or the Damstra Share Registry by 11.00am (Sydney time) on Monday, 8 April 2024 (or, if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the scheduled resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting). The completed Scheme Meeting Proxy Form may be submitted:

- (a) online to the Damstra Share Registry by:
  - (i) visiting the Damstra Share Registry website, <https://investor.automic.com.au/#/loginsah>. You will need your SRN or HIN, which is located on your Damstra Holding Statement or Scheme Meeting Proxy Form. You will be taken to have signed the Scheme Meeting Proxy Form if you lodge in accordance with the instructions on the website; or
  - (ii) by mobile device: If you have a smart phone, you can lodge your Scheme Meeting Proxy Form online by scanning the QR code on the Scheme Meeting Proxy Form. To scan the QR code, you will need a QR code reader application which can be downloaded for free on your mobile device. Log in using the SRN/HIN and postcode for your shareholding and click on “meetings”. You will be taken to have signed the Scheme Meeting Proxy Form if you lodge in accordance with the instructions on the website;
- (b) in respect of hard copy Scheme Meeting Proxy Forms, by mail to Damstra Holdings Limited, c/ Automic, GPO Box 5193, Sydney NSW 2001;
- (c) in respect of hard copy Scheme Meeting Proxy Forms, by fax to the Damstra Share Registry on +61 2 8583 3040; or
- (d) in respect of hard copy Scheme Meeting Proxy Forms, by hand by delivering it to the Damstra Share Registry at Automic, Level 5, 126 Phillip Street, Sydney NSW 2000 during business hours (Monday – Friday, 9.00am – 5.00pm (Sydney time)).

Damstra Shareholders should contact the Damstra Shareholder Information Line on 1300 101 594 (within Australia) and +61 2 8072 1412 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time) (excluding days which are public holidays in New South Wales, Australia) with any queries regarding the number of Damstra Shares they hold, how to vote at the Scheme Meeting or how to lodge the Scheme Meeting Proxy Form.

A replacement Scheme Meeting Proxy Form may be obtained from the Damstra Share Registry.

If a Scheme Meeting Proxy Form is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed Scheme Meeting Proxy Form unless the power of attorney or other authority has previously been received by the Damstra Share Registry.

For more information concerning the appointment of proxies and ways to lodge the Scheme Meeting Proxy Form, please refer to the Scheme Meeting Proxy Form itself.

## **Voting by corporate representative**

A body corporate that is a Damstra Shareholder, or that has been appointed as a proxy, must appoint an individual to act as its representative at the Scheme Meeting. If you are a body corporate, you can appoint a corporate representative to attend and vote at the Scheme Meeting on your behalf. The appointment must comply with sections 250D of the Corporations Act.

To vote by corporate representative, a corporate representative must provide written evidence of their appointment by obtaining and completing an 'Appointment of Corporate Representative' form from the Damstra Share Registry's website at <https://investor.automic.com.au/#/support/2/sub?faqId=299>. Corporate representative forms must be provided to the Damstra Share Registry by no later than 11.00am (Sydney time) on Monday, 8 April 2024 (being at least 48 hours prior to the Scheme Meeting). A corporate representative form may be submitted in the same manner as a completed Scheme Meeting Proxy Form, as described above, except that an appointment of corporate representative form cannot be lodged online or by mobile device.

If a certificate is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been received by the Damstra Share Registry.

A validly appointed corporate representative wishing to attend and vote at the Scheme Meeting will require the name and the SRN/HIN of the body corporate that appointed it in order to access the Online Scheme Meeting Platform.

### **Voting by attorney**

You may appoint an attorney to participate in and vote at the meeting on your behalf. Your attorney need not be another Damstra Shareholder. Each attorney will have the right to vote on the poll and also to speak at the Scheme Meeting.

The power of attorney appointing your attorney to participate in and vote at the meeting must be duly executed by you and specify your name, the company (that is, Damstra), and the attorney, and also specify the meeting(s) at which the appointment may be used. The appointment may be a standing one.

Certified copies of powers of attorney must be received by the Damstra Share Registry by no later than 11.00am (Sydney time) on Monday, 8 April 2024 (being at least 48 hours prior to the Scheme Meeting). A certified copy of a power of attorney may be submitted in the same manner as a completed Scheme Meeting Proxy Form, as described above, except that the power of attorney or a certified copy of the power of attorney cannot be lodged online or by mobile device.

A validly appointed attorney wishing to attend and vote at the Scheme Meeting will require the name and the SRN/HIN of the Damstra Shareholder that appointed it in order to access the Online Scheme Meeting Platform.

### **Questions about voting at the Scheme Meeting**

Damstra Shareholders should contact the Damstra Shareholder Information Line on 1300 101 594 (within Australia) and +61 2 8072 1412 (outside Australia), Monday to Friday, between 9.00am and 5.00pm (Sydney time) with any queries regarding the number of Damstra Shares held, how to vote at the Scheme Meeting, or how to vote by proxy.

### **Questions at the Scheme Meeting**

Damstra Shareholders will have a reasonable opportunity to ask questions during the Scheme Meeting (through the Online Scheme Meeting Platform).

Damstra Shareholders who prefer to register questions in advance of the Scheme Meeting are also invited to do so by submitting questions in writing to Paul Burrows at [p.burrows@damstratechnology.com](mailto:p.burrows@damstratechnology.com) at least 48 hours before the Scheme Meeting.

The Chairman of the Scheme Meeting will endeavour to address as many of the more frequently raised relevant questions as possible during the course of the Scheme Meeting. However, there may



not be sufficient time available during the Scheme Meeting to address all of the questions asked. Please note that individual responses will not be sent to Damstra Shareholders.

### **Technical difficulties at the Scheme Meeting**

Technical difficulties may arise during the course of the Scheme Meeting. The Chairman of the Scheme Meeting has discretion as to whether and how the Scheme Meeting should proceed in the event that a technical difficulty arises. In exercising this discretion, the Chairman of the Scheme Meeting will have regard to the number of Damstra Shareholders impacted and the extent to which participation in the business of the Scheme Meeting is affected. Where the Chairman of the Scheme Meeting considers it appropriate, the Chairman of the Scheme Meeting may continue to hold the Scheme Meeting and conduct business, including conducting a poll and voting in accordance with valid proxy instructions.

### **Changes to the current arrangement**

Damstra may be required to make changes to the arrangements for the Scheme Meeting. If there are any updates, Damstra will ensure that Damstra Shareholders are given as much notice as possible. Further information will also be made available on Damstra's website at [www.damstratechnology.com](http://www.damstratechnology.com).

### **Advertisement**

Where this Notice of Scheme Meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone from ASX's website ([www.asx.com.au](http://www.asx.com.au)) or from Damstra's website ([www.damstratechnology.com](http://www.damstratechnology.com)) or by contacting the Damstra Share Registry.

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**Attachment E      Sample Scheme Meeting Proxy Form**

Your proxy voting instruction must be received by **11.00am (AEST) on Monday, 08 April 2024**, being **not later than 48 hours** before the commencement of the Scheme Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Scheme Meeting.

## SUBMIT YOUR 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 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Scheme 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 Scheme Meeting will be appointed as your proxy by default.

### DEFAULT TO THE CHAIR OF THE SCHEME MEETING

Any directed proxies that are not voted on a poll at the Scheme Meeting will default to the Chair of the Scheme Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Scheme Meeting will be voted in accordance with the Chair's voting intention set out below.

### STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite the Scheme Resolution. 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 the Scheme Resolution 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 Scheme Resolution, your proxy may vote as he or she chooses. If you mark more than one box on the Scheme Resolution your vote on the Scheme Resolution will be invalid.

### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy 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 Proxy Voting Forms together. If you require an additional Proxy 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 Proxy 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 Scheme Meeting, Proxy Voting Form and Annual Report via email.**

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Scheme 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 Proxy Voting Form:

#### Online

Use your computer or smartphone to 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.**



#### BY MAIL:

Automic  
GPO Box 5193  
Sydney NSW 2001

#### IN PERSON:

Automic  
Level 5, 126 Phillip Street  
Sydney NSW 2000

#### BY EMAIL:

[meetings@automicgroup.com.au](mailto:meetings@automicgroup.com.au)

#### BY FACSIMILE:

+61 2 8583 3040

#### All enquiries to Automic:

##### WEBSITE:

<https://automicgroup.com.au/>

##### PHONE:

1300 288 664 (Within Australia)  
+61 2 9698 5414 (Overseas)



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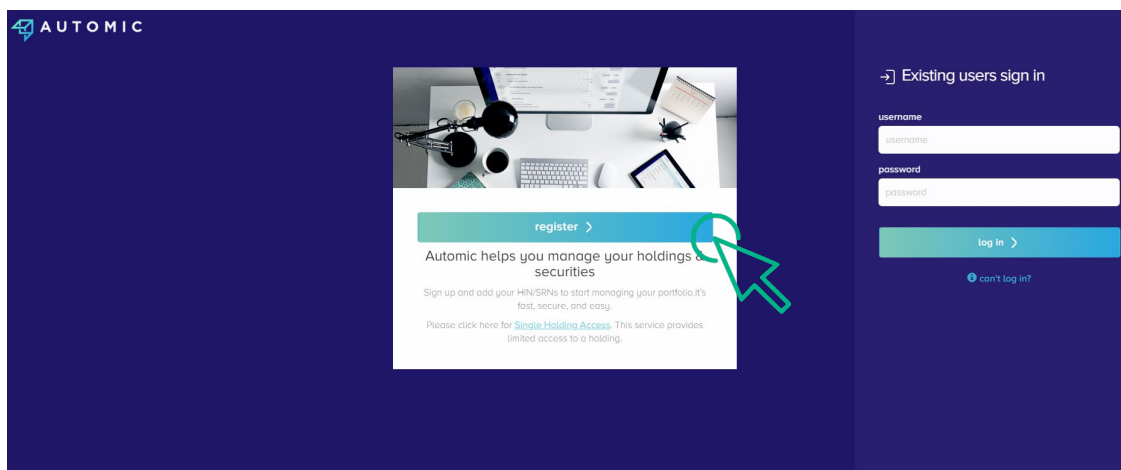
**Attachment F      Virtual Meeting Registration and Voting  
Shareholder Guide**

# Virtual Meeting Registration and Voting

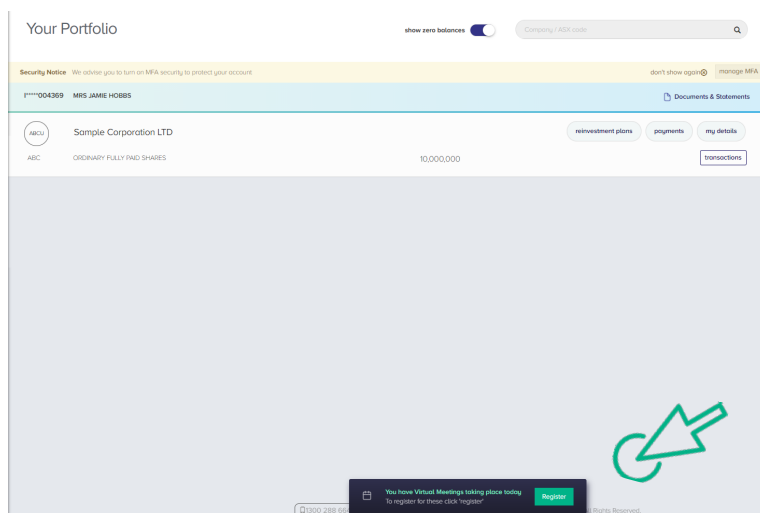


## REGISTRATION

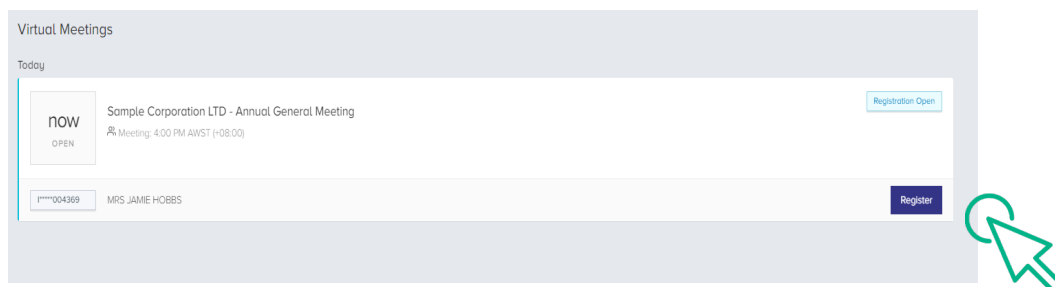
- Go to: <https://investor.automic.com.au/#/home>.
- Log in using your existing username and password or click on “register” and follow the on-screen prompts to create your login credentials.



- Once logged in you will see from the banner at the bottom of your screen that the meeting is open for registration. Click on “register”.

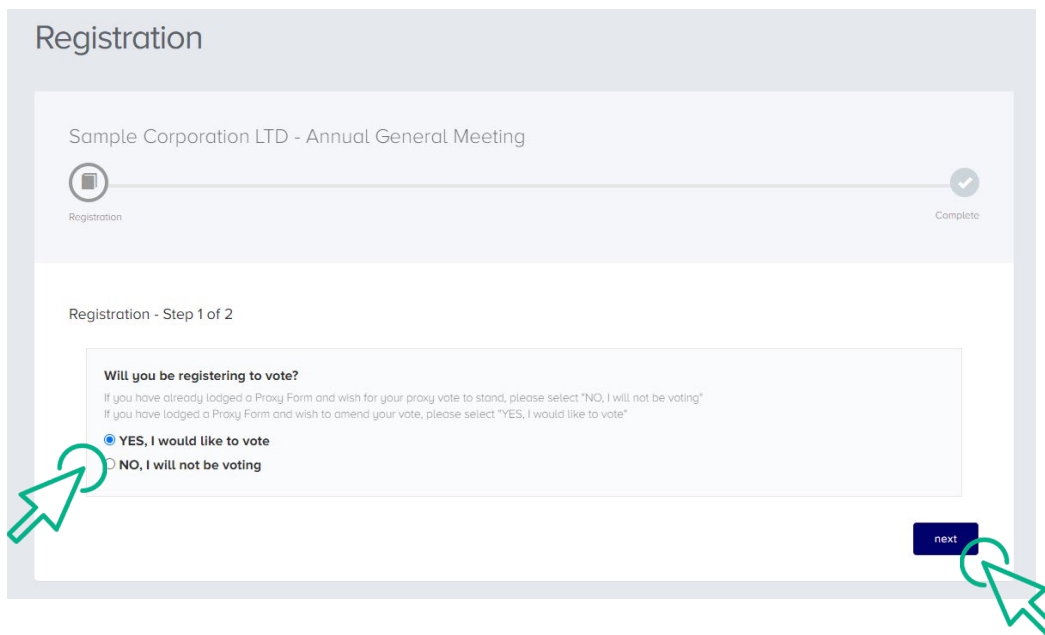


- Click on “register” to register your attendance for the meeting.



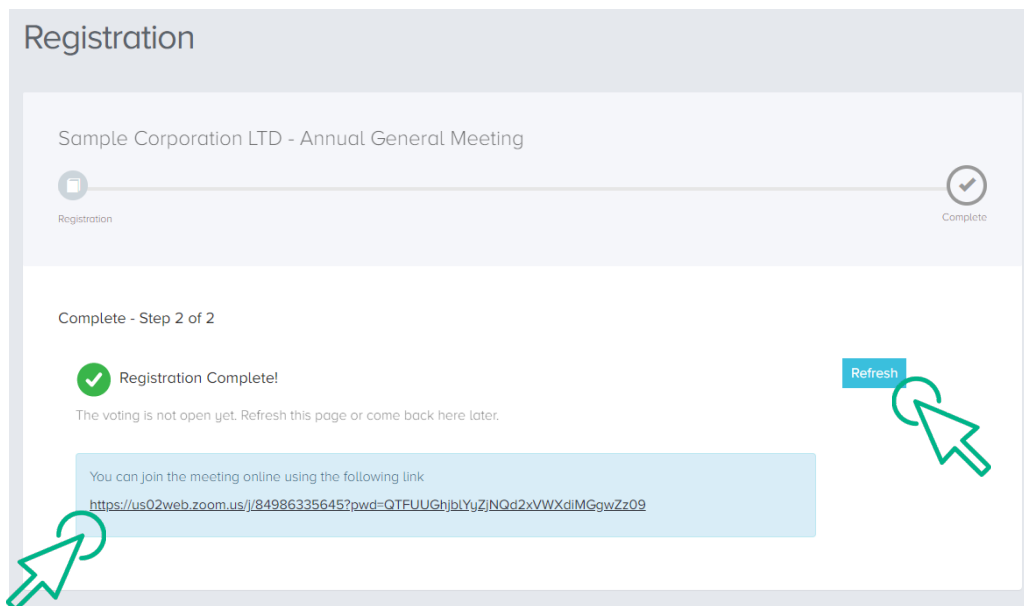
## REGISTRATION

- Select “yes, I would like to vote” and then click “next”.



The screenshot shows the 'Registration' page for 'Sample Corporation LTD - Annual General Meeting'. It features a progress bar at the top with 'Registration' on the left and 'Complete' on the right. Below the progress bar, the text 'Registration - Step 1 of 2' is displayed. A question box asks 'Will you be registering to vote?' with two options: 'YES, I would like to vote' (selected with a blue radio button) and 'NO, I will not be voting'. A green cursor points to the 'YES' option. At the bottom right, a blue 'next' button is highlighted with a green cursor.

- You will be placed on a holding page until voting opens for the meeting. From here you can access the meeting video/audio by selecting the meeting URL.
- Once the Chair of the Meeting declares voting open, you should select “refresh”.



The screenshot shows the 'Registration' page for 'Sample Corporation LTD - Annual General Meeting'. It features a progress bar at the top with 'Registration' on the left and 'Complete' on the right. Below the progress bar, the text 'Complete - Step 2 of 2' is displayed. A green checkmark icon is followed by the text 'Registration Complete!'. Below this, it says 'The voting is not open yet. Refresh this page or come back here later.' A blue 'Refresh' button is highlighted with a green cursor. At the bottom, a light blue box contains the text 'You can join the meeting online using the following link' followed by the URL 'https://us02web.zoom.us/j/84986335645?pwd=QTFUUGhjb1YyZlNkd2xVWXdlMGgwZz09'. A green cursor points to the URL.



## VOTING

- The next screen will display the resolutions to be put to the meeting.
- The Chair of the meeting will provide instructions on when to mark your vote.
- You record your vote by selecting either “for”, “against” or “abstain” next to the appropriate resolution.
- Once voting has been declared closed you must select “next” to submit your vote.

**Voting**

Sample Corporation LTD - Annual General Meeting

Registration Poll Review Complete

**Poll - Step 2 of 4**

You can join the meeting online using the following link  
<https://us02web.zoom.us/j/84986335645?pwd=QTFUUGhjbUyZlNQd2xVWXdlMGgwZz09>

**Resolutions**  
You must vote on all resolutions, except for those marked as withdrawn.

<b>1</b>	Remuneration Report	for	against	abstain
<b>2</b>	Re-Election of Mr Robert Smith as Director	for	against	abstain

prev next

- On the next screen, check your vote is correct and select the box next to “declaration” – you cannot confirm your vote unless you select this box.
- Select “confirm” to confirm your vote – you CANNOT amend your vote after pressing the “confirm” button.

**Review - Step 3 of 4**

**Confirmation**  
Please review and confirm.

<b>1</b>	Remuneration Report	for	against	abstain
<b>2</b>	Re-Election of Mr Robert Smith as Director	for	against	abstain

☒ **Declaration** PLEASE NOTE: You will not be able to change your votes after pressing the **confirm** button.  
By pressing **confirm** you agree that this online voting form has been signed, authorised and submitted by you, in your capacity as a registered holder (or legally authorised representative) of the Company, in accordance with the requirements under the Company's Constitution, the Corporations Act 2001 (Cth) and Automic's terms and conditions.

prev confirm

# VOTING COMPLETE

- Your vote is now lodged and is final.

Voting

Sample Corporation LTD - Annual General Meeting

Poll

Review

Complete

Complete - Step 3 of 3

Complete

You have successfully submitted your vote.

You can join the meeting online using the following link

<https://us02web.zoom.us/j/85784417406?pwd=TFF0TTdGTEhGSENlbUN5NzF3bUUQT09;>