



D A M S T R A

ASX Release

8 July 2020

Damstra Holdings offer to acquire Vault Intelligence

- Acquisition of 100% of issued capital in Vault Intelligence Limited by way of a recommended Scheme of Arrangement (the “Scheme”)
- Vault shareholders will receive 1 share in Damstra for every 2.9 Vault shares they hold (the “Offer”), valuing Vault at an implied 46.4 cents per share¹
- Offer represents a 36.5% premium to undisturbed Vault closing price² and Vault shareholders will emerge with 25% of fully diluted Damstra issued capital
- Highly complementary product sets and respective client bases, delivers increased revenue diversity, greater scale and a platform for accelerating growth
- Run rate synergies projected to be in the order of \$4m within 12 months of acquisition completion
- Balance sheet cash on hand expected to increase to \$13-\$15m³ following completion, giving the merged group a more robust financial profile
- FY20 unaudited Damstra revenue and other income at the top end of 30-40% guidance range, EBITDA of \$5.5m materially ahead of prospectus forecast
- For illustrative purposes only, the merged group will have pro forma revenue and other income for FY21 of \$33-35m (assuming implementation of the Scheme prior to 1 July 2020)⁴
- The directors of Vault, including the CEO and Founder David Moylan, unanimously recommend the Offer, with each director committing to vote their shares in favour of the Scheme, subject to customary exceptions

Damstra Holdings Limited (“**Damstra**” or the “**Company**”, ASX: DTC), an Australian-based global provider of integrated workplace management solutions, today announces that it has entered into an implementation agreement to acquire Vault Intelligence Limited (“**Vault**”, ASX: VLT) by way of a recommended Scheme. The acquisition will create a larger, more diversified, workplace management company with an expanded and highly complementary product range.

Among the benefits of the combination, the merged group will be able to accelerate product innovation, including fever detection, facial recognition, remote, mobile and lone workforce solutions. This is especially beneficial in a COVID-19 environment as a broadened Damstra offering is expected

¹ Based on a Damstra (ASX: DTC) share price of \$1.345 and a Vault (ASX: VLT) share price of 34c at the market close on 6 July 2020

² Compared against a Vault closing price of 34c on 6 July 2020

³ In addition to current Damstra and Vault cash on balance sheet, assumes exercise of outstanding Vault options plus receipt of an R&D rebate, less transaction and other costs prior to implementation

⁴ Based on standalone Damstra FY21 revenue guidance of \$27m+ and Vault revenue projection of \$8m. The Vault revenue contribution reflects Vault’s market announcement today. While Damstra has undertaken due diligence on Vault, it has not verified the statements made in that announcement and does not accept any responsibility or liability for, or give or make any representation, warranty, assurance, guarantee or other statement in respect of, Vault’s financial performance in FY21 or any other period. Accordingly, the presentation of the merged group’s pro forma revenue for FY21 does not constitute a forecast, estimate, guidance, projection, prediction or indication of future performance, and should not be relied upon as such (or for any other purpose). It should also be noted that Damstra and Vault will continue to operate on a separate and independent basis until implementation of the Scheme, which is scheduled for October 2020 (subject to the conditions of the Scheme as referred to in this announcement). Therefore, if the Scheme is implemented, Damstra’s financial results for FY21 will only include Vault for the part of FY21 following implementation of the Scheme where Vault is under Damstra’s ownership.

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to fast track growth, including the ability to cross sell products across respective client bases, within Australia and New Zealand but also in international markets, particularly North America.

Johannes (Jan) Risseeuw, executive chairman of Damstra, said, "This merger of two leading workplace management providers represents a compelling opportunity for both sets of shareholders. Our due diligence process has confirmed the material strategic, operating and financial synergies. The respective technology stacks are complementary and there will be a focus on integration of R&D teams to drive an enduring culture of product innovation."

Mr Risseeuw added that, if the scheme is implemented, employee numbers in R&D are expected to rise to 73.

Christian Damstra, CEO and Managing Director, said, "Since we listed on the ASX in October last year, Damstra has continued to deliver on its vision to create a truly great Australian global technology success story. Our solutions reduce and manage workplace risks for clients across sectors including mining, construction and engineering, and more recently education. The advent of COVID-19 has heightened these challenges for employers, in turn driving structural demand for our solutions."

If the scheme is implemented, client numbers are expected to increase from 500 to 850 and user numbers would rise from 400,000 to 550,000, providing benefits from increased sector and revenue diversification.

Mr Damstra added, "Our organic growth outlook remains strong but an acquisition such as Vault represents a low risk and transformational step to gain increased scale and diversification. These and other benefits will allow Damstra to accelerate innovation and our international expansion. A great example of the complementary fit and cross selling opportunity will be the inclusion of Vault remote tracking and lone worker products such as Solo in the Damstra product module."

The Vault board has unanimously recommended that its shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to an Independent Expert Report concluding that the Scheme is in the best interests of Vault shareholders. David Moylan, CEO and Founder of Vault, is to remain within the company, with a focus on developing and expanding global channel partnerships for Damstra.

Mr Moylan, who will work closely with and report into Christian Damstra, strongly supports and welcomes the transaction: "It has been apparent from an early stage that our companies and leadership share a common vision with high quality technology platforms. With the opportunity to integrate resources and knowledge, the combined product offerings and market reach will be formidable."

"The transaction will also provide the option for our shareholders to continue the journey, whilst benefiting from the value creation that is expected to arise from merging with Damstra. Uniting the product range and our people under the one banner has the potential to create significant value for our shareholders, clients, partners and employees. I am very excited to work alongside Jan and Christian and about where the combined business will take us."

Indicative Timetable and Next Steps

A scheme booklet containing information relating to the Scheme, reasons for the Vault directors' unanimous recommendation, an Independent Expert Report and details of the Scheme meeting is expected to be sent to Vault shareholders in August 2020.

Shareholders will then have the opportunity to vote on the Scheme at a court convened shareholder meeting, expected to be held 2 October 2020. Subject to shareholder approval being obtained by the requisite majorities and the other conditions of the Scheme being satisfied, the Scheme is expected to be implemented on 22 October 2020.

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Set out below is an indicative timetable for the Scheme.

Event	Expected Date
Draft Scheme Booklet provided to ASIC	11 August 2020
First Court Hearing	28 August 2020
Scheme Meeting	2 October 2020
Second Court Hearing	7 October 2020
Effective Date	8 October 2020
Record Date	15 October 2020
Implementation Date	22 October 2020

Gilbert + Tobin is acting as legal adviser to Damstra.

Trading Update FY20 and FY21 Guidance

Damstra is delighted to announce that the business has achieved strong FY20 unaudited results. Damstra has continued to perform well and is especially pleased with the outcome given the dramatic economic impacts and industry dislocations caused by COVID-19.

EBITDA on an unaudited basis for FY20 is expected to be \$5.5m, materially ahead of guidance and our prospectus forecast. This demonstrates the delivery of attractive unit economics and strong operating leverage.

Revenue and other income on an unaudited basis for FY20 was \$22.1m, representing a growth rate of 39% on FY19. This result is at the top end of the guidance provided in our Appendix 4C release on 21 April 2019, which forecast revenue growth of 30-40% for the financial year. These results have been positively impacted by one-off gains. Excluding these impacts, underlying revenue and other income on an unaudited basis for FY20 was \$20.9m, which reflects a growth rate of 31% on FY19.

For FY21 we expect the business to grow at a similar rate to that in FY20 of 30-40%.

Further detail of operating performance will be provided with the release of our Appendix 4C and Quarterly Activities Report before the end of July 2020. Full details of Damstra's FY20 result will be provided in the financial year results briefing, expected to be on 27 August 2020.

Investor Teleconference

Damstra will be hosting an investor and analyst teleconference at 10.30 AEST to discuss the Offer, Trading Update and FY21 Guidance. Attending will be Executive Chairman Johannes Risseuw, CEO Christian Damstra and CFO Chris Scholtz.

To participate in the teleconference, pre-register via the following link to receive the dial in details and passcode: <https://s1.c-conf.com/diamondpass/10008426-invite.html>.

Ends

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About Damstra

Damstra is an Australian-based provider of integrated workplace management solutions to multiple industry segments across the globe. The Company develops, sells and implements integrated hardware and software-as-a-service (SaaS) solutions in industries where compliance and safety are of utmost importance. These solutions assist Damstra's clients to better track, manage and protect their staff, contractors and their organisations, and to reduce the risks associated with worker health, safety and regulatory compliance. The Company has been operating since 2002 and has grown from providing an Australian mining contractor management solution to an integrated workplace management solution provider with a growing client base in international markets.

For more information, please visit

<https://www.damstratechnology.com/>

<https://www.linkedin.com/company/damstra-technology/>

Forward-looking statements

This announcement contains various forward-looking statements. The words 'forecast', 'expect', 'anticipate', 'guidance', 'potential', 'intend', 'will' and other similar expressions are intended to identify forward-looking statements. Statements concerning future financial performance or other future matters are also forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements, which are based on assumptions and contingencies and subject to change without notice. Forward-looking statements should not be relied upon as a guarantee or indication of future performance and may involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Damstra. Actual results, performance or achievements may vary materially from those expressed or implied by forward-looking statements. To the maximum extent permitted by law, neither Damstra nor any of its directors, officers, employees or advisors makes any representation or warranty (express or implied), or gives any guarantee or assurance, as to the accuracy or likelihood of fulfillment of any forward-looking statement (or any events or results expressed or implied in any such statement). The forward-looking statements in this announcement reflect views held only as at the date of this announcement and Damstra does not accept any responsibility or liability to update any such statement (except to the extent required by law).

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