

22 June 2023

DECMIL TO RAISE UP TO \$26.3M TO PROPEL GROWTH TRAJECTORY

- Decmil to raise up to approximately \$26.3 million, by issuing Redeemable Convertible Preference Shares (“RCPS”) through a partially underwritten accelerated non-renounceable Entitlement Offer and Placement at 20 cents per RCPS.
- RCPS have an initial term of 3 years, with a preferential dividend rate of 12% annually over the initial term and expected to be fully franked (with dividends to be paid semi-annually).
- Decmil’s largest shareholder, Thorney Investment Group (Tiga Trading Pty Ltd and Thorney Opportunities Ltd), will cornerstone the capital raise with a commitment of \$12 million by taking up its full rights in the Entitlement Offer and sub-underwriting the Entitlement Offer Shortfall.
- All Decmil directors and the CEO intend to participate in the Retail Entitlement Offer or take a sub-underwriting position.
- Decmil shareholders are invited to participate in the capital raising, with the terms of the RCPS the same across both the Placement and Entitlement Offer.
- The funds raised will enable Decmil to accelerate its roadmap to increasingly profitable revenue growth and target an increased pipeline of opportunities on offer in the marketplace.
- Further details on the capital raising and how to apply can be found in the Decmil Entitlement Issue Prospectus dated 21 June 2023 which has been lodged with the ASX.

Capital Raising

Decmil Group Limited (**'Decmil'** or **'Company'**) is pleased to announce the launch of a partially underwritten \$26.3 million equity capital raising (**"Capital Raising"**) comprising the issue of approximately 131.4 million Redeemable Convertible Preference Shares (**"RCPS"**) at an issue price of \$0.20 per RCPS.

The Capital Raising comprises:

- a single tranche placement of 17,000,000 RCPS to raise \$3.4 million (**"Placement"**); and
- a partially underwritten accelerated entitlement offer of 25 RCPS for every 34 fully paid ordinary shares held by eligible shareholders in the capital of the Company (**"Shares"**) at the Record Date to raise up to approximately \$22.9 million through the issuance of a maximum 114,376,629 RCPS (**"Entitlement Offer"**).

Decmil CEO Rod Heale said: *"With our operations now stabilised and our business returning to profitability last quarter as we continue to deliver on our strategic road map, we are ready to enter a new phase of profitable and sustainable revenue growth. This capital raising gives us the financial muscle to do so."*

"The funds raised provide working capital headroom by increasing our bonding capacity, and more broadly also facilitate balance sheet strength to target high-quality and larger-size contracts, which have a more equitable risk allocation."

"After careful consideration of financing alternatives, we opted for Redeemable Convertible Preference Shares to minimise shareholder dilution."

"We have structured the raising to tick all the right boxes in the current economic and interest rate environment; it minimises equity dilution, bolsters our liquidity position, enhances the balance sheet, and maximises our ability to capture profitable revenue growth."

"I would like to thank Thorney for their continued support of Decmil. The funding reaffirms their confidence in our future prospects."

RCPS and Impact on Capital Structure

The RCPS may be convertible into Shares or redeemed for cash on the terms and conditions set out in this announcement below.

Dividends will also accrue on the RCPS during the initial 3-year term (**"Initial Term"**) at a rate of 12% per annum. The dividends accrue and are payable semi-annually in arrears on 31 March and 30 September each year while the RCPS remain on issue. The first dividend is payable on 30 September 2023. It is Decmil's intention to pay the dividends in cash on each dividend payment date. To facilitate this, Decmil intends to hold the amount of cash equal to each year's dividend amount in advance.

To the extent a dividend is not paid in cash on the relevant dividend payment date, it will be converted into a Share by dividing the aggregate value of the unpaid dividend by \$0.20 and on the terms and conditions set out in this announcement below.

As such, it is possible that the number of Shares underlying the RCPS exceeds the number of RCPS on issue. The Shares issued in satisfaction of unpaid dividends will be issued on the conversion or redemption of the RCPS, and these Shares will be issued to the holder of the RCPS at that time.

The table below sets out the effect of the Capital Raising on the capital structure of the Company if no RCPS dividends are paid. For completeness, the table also shows the hypothetical number of fully paid underlying ordinary shares in the Company if all securities issued by the Company are converted.

Description	Fully paid ordinary shares
Existing fully paid ordinary shares in the capital of the Company	155,552,216
Capital Raising	
Additional fully paid ordinary shares upon conversion of RCPS:	
- Entitlement Offer	114,376,629
- Placement	17,000,000
Total fully paid ordinary shares upon conversion of RCPS	286,928,845
If no RCPS dividends are paid, additional fully paid ordinary shares:	
- Entitlement Offer	41,175,587
- Placement	6,219,872
Total possible fully paid ordinary shares upon conversion of RCPS and if no RCPS dividends are paid	333,581,727
Other Securities	
Unquoted Options exercisable at \$0.48 on or before 6 September 2023	13,197,834
Unquoted Options exercisable at \$0.75 on or before 31 October 2024	1,800,000
Maximum Underwriter Options to be issued in the Capital Raising	2,793,238
Performance Rights currently on issue (unquoted)	19,735,727
Warrants currently on issue (unquoted)	50,769,231
Total fully diluted and fully paid ordinary shares in the capital of the Company if all issued securities are converted	421,877,757

For the purposes of the table set out above, it is assumed that the Shares underlying the RCPS includes Shares to be issued in satisfaction of unpaid dividends accrued during the Initial Term. Decmil may instead elect to pay the dividends in cash and redeem the RCPS in cash, in which case, no additional Shares underlying the RCPS will accumulate. The face value of the RCPS may also be redeemed for cash, rather than converted into Shares.

Should the RCPS not be converted into Shares or redeemed for cash at the end of the Initial Term, any issue of Shares on conversion of unpaid dividends which accrue following the completion of the Initial Term shall be subject to Decmil first obtaining shareholder approval for such issue.

Terms of the Redeemable Convertible Preference Shares¹

Security	<i>Redeemable Cumulative, fully paid, convertible preference shares (“RCPS”)</i>
Issuer	Decmil Group Limited
Initial Term	3 years
Dividend Rate	<p>Preferential dividends accrue and are, at the election of the Issuer, payable semi-annually (“Dividend Payment Date”) at 12.00% pa during the Initial Term, stepping up by 1.00% pa each year after the Initial Term unless the RCPS is converted, redeemed, or repurchased and cancelled on the terms set out below. Any dividends not paid accumulate during the term of the RCPS.</p> <p>Preferential dividends will be 100% franked in the Initial Term and are expected to carry franking credits beyond the initial term.</p> <p>Decmil intends to hold the amount of cash equal to each year’s dividend amount in advance to ensure that each of the dividend payments for that year is paid in cash rather than cumulating. It is intended that whenever a dividend is paid in cash, the relevant bank account will be immediately replenished with an equivalent amount to ensure that, at all times there is at least the next 12 months’ worth of dividend payments on deposit in advance. In addition, the bank account will have an attaching irrevocable direction that the funds deposited can only be disbursed for the purpose of paying the RCPS semi-annual dividend payments.</p>
Conversion Dates – Holder’s election	<p>RCPS Holders may elect to convert all or some of their RCPS (including accrued but unpaid dividends) into Shares (“Conversion”):</p> <ul style="list-style-type: none"> • on the last business day of every month within 2.5 years of the issue date; or • on the occurrence of a trigger event (e.g. takeover bids, schemes, delisting, insolvency etc), <p>by giving a conversion notice to Decmil not less than 10 business days (or in the case of a trigger event, 5 business days) prior to the relevant conversion date (provided that if the RCPS Holder holds less than 20,000 RCPS, this election must be for <i>all</i> their RCPS).</p> <p>Decmil must, as soon as reasonably possible, announce the occurrence of any trigger event, or any other event or circumstance has occurred which would, with the expiry of a grace period, the giving of notice or any combination of the foregoing, be a trigger event, has occurred.</p>
Conversion formula	<p>The Number of Shares issued on Conversion is:</p> <ul style="list-style-type: none"> • 1 per RCPS; and • 1 per each \$0.20 of unpaid dividends, <p>subject to adjustment for any share splits, bonus issues, rights issues, or other capital reconstructions or certain other dilutionary events.</p>
Ordinary shares Issued upon Conversion	Each new ordinary share issued on Conversion will rank in all respects equally with the then existing ordinary shares.

¹ Please refer schedule 1 of the Prospectus for the rights and liabilities attaching to the RCPS.

	<p>The issue of ordinary shares issued on Conversion following the Call Date (including those ordinary shares issued on conversion of any unpaid dividends as contemplated below) shall be issued to the Holder of the RCPS on the relevant Conversion date.</p> <p>If the issue of Shares upon Conversion of any RCPS would result in any Holder being in contravention of section 606(1) of the Corporations Act (“General Prohibition”), then the Conversion shall be deferred until such later time or times that the issue would not result in a contravention of the General Prohibition.</p>
Decmil Conversion / Redemption election	<p>On the date that the Initial Term concludes (“Call Date”) and on each subsequent Dividend Payment Date, Decmil will have the right to convert RCPS into ordinary shares or redeem RCPS for cash at Face Value (plus any unpaid dividends).</p> <p>The conversion of any unpaid dividends accrued following the Call Date into ordinary shares shall be subject to the approval of Decmil’s ordinary shareholders.</p>
Ranking	<p>On a winding up of Decmil, RCPS will rank for return of capital (not exceeding the Face Value), behind all creditors of Decmil but ahead of ordinary shareholders.</p>
Rights	<p>Prior to the Call Date, RCPS holders are only entitled to vote on certain limited matters as required under the ASX Listing Rules and Decmil’s Constitution such as a proposal that affects the rights attaching to RCPS or for the disposal of the whole of the property, business and undertaking of Decmil.</p> <p>However, this restriction on voting does not apply when a dividend is not paid in full on the RCPS or during a winding up of Decmil. At such times, and at all times subsequent to the Call Date, RCPS shall vote on an as if converted basis.</p> <p>RCPS Holders are entitled to receive all reports, notices of meeting and other documents sent to ordinary shareholders and to attend general meetings.</p>
Quotation	<p>The RCPS are intended to be listed on ASX.</p>

For further information on the RCPS and the Capital Raising, please ensure that you carefully read the Company’s prospectus that is released alongside this announcement (“**Prospectus**”). The Entitlement Offer is partially underwritten by Blue Ocean Equities Pty Ltd (“**Blue Ocean**”) up to \$20.0 million.

Cornerstone and Board support

Cornerstone support has been received by the Company’s largest shareholder, Thorney Investment Group (Tiga Trading Pty Ltd and Thorney Opportunities Ltd) (“**Thorney**”). Thorney has committed \$12.0 million towards the Entitlement Offer in two stages:

- Subscribing for its full entitlement in the Entitlement Offer (23,015,667 RCPS / \$4.60 million); and
- Subscribing for Shortfall RCPS (defined below) (36,984,333 RCPS / \$7.34 million) via a sub-underwriting agreement with Blue Ocean.

Decmil advises that all directors intend to participate in the Retail Entitlement Offer. Further to this, Peter Thomas has also agreed to subscribe for up to a further 652,940 Shortfall RCPS via a sub-underwriting agreement with Blue Ocean, which increases his participation in the Capital Raising to a total of \$321,765. Additionally, Rod Heale has agreed to subscribe to 400,000 Shortfall RCPS via a sub-underwriting agreement with Blue Ocean, making his participation in the Capital Raising \$80,000. Further details of the sub-underwriting arrangements with Blue Ocean are set out in the Prospectus released on the Company’s ASX platform alongside this announcement.

Underwriting Agreement

Under the terms of the underwriting agreement with Blue Ocean, the Company will pay Blue Ocean:

- on settlement of the Institutional Entitlement Offer (defined below):
 - an underwriting fee of 3% of the proceeds raised from the Institutional Entitlement Offer; and
 - a management fee of 3% of the proceeds raised from the Institutional Entitlement Offer.
- on settlement of the Retail Entitlement Offer (defined below):
 - an underwriting fee of 3% of the proceeds raised from the Retail Entitlement Offer; and
 - a management fee of 3% of the proceeds raised from the Retail Entitlement Offer.

Eligible institutional shareholders will be invited to participate in the accelerated institutional component of the Entitlement Offer (“**Institutional Entitlement Offer**”), which is opening today, along with the Placement. Eligible institutional shareholders can choose to take up all, part or none of their entitlements under the Institutional Entitlement Offer. Entitlements not taken up by eligible institutional shareholders and entitlements that would otherwise have been offered to ineligible shareholders will be offered to new and existing institutional shareholders concurrently with the Institutional Entitlement Offer.

The retail component of the Entitlement Offer (“**Retail Entitlement Offer**”) will be conducted at the same fixed issue price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will be open on Thursday 29 June 2023 to eligible retail shareholders in Australia, New Zealand, Hong Kong and Singapore, as at 5:00pm (AWST) on Monday 26 June 2023 (“**Record Date**”) and is expected to close at 5:00pm (AWST) on Monday 17 July 2023.

Any RCPS not subscribed for under the Retail Entitlement Offer will form part of the shortfall (“**Shortfall RCPS**”), and eligible shareholders can apply to take up additional Shortfall RCPS more than their pro rata entitlement (“**Shortfall Offer**”).

All decisions regarding the allocation of Shortfall RCPS will be made by the directors in conjunction with Blue Ocean and will be final and binding on all applicants under the Shortfall Offer. As such, there is no guarantee that any Shortfall RCPS applied for will be issued to applicants.

Allocation of Funds

The funds raised under the Capital Raising allows the Company to:

- improve its multi-option loan facility and increase surety bond capacity; and
- provide sufficient working capital headroom to successfully target projects with more equitable risk allocations.

For further details, see section 4.1 of the Prospectus.

Rights Issue Timetable

Request for trading halt Lodgement of Prospectus with the ASIC	Post-market close on Wednesday 21 June 2023
Request for trading halt, announcement of the Placement and Entitlement Offer and release of the Appendix 3B and Prospectus on ASX	Pre-market open on Thursday, 22 June 2023
Institutional Entitlement Offer and Placement open	Thursday, 22 June 2023
Institutional Entitlement Offer closes	Monday, 26 June 2023
Announcement of completion of Institutional Entitlement Offer	Monday, 26 June 2023
Lifting of trading halt	Monday, 26 June 2023
Record Date for determining Eligible Retail Shareholders under Retail Entitlement Offer	Monday, 26 June 2023
Retail Entitlement Offer opening date, Prospectus sent out to Shareholders and Company announces this has been completed	Thursday, 29 June 2023
Settlement Date for RCPS under the Institutional Entitlement Offer	Thursday, 29 June 2023
Last day to extend the Closing Date under Retail Entitlement Offer	Wednesday, 12 July 2023
Closing Date for Retail Entitlement Offer and Placement as at 5:00pm	Monday, 17 July 2023
ASX notified of under subscriptions under Retail Entitlement Offer	Tuesday, 18 July 2023
Underwriter subscribes for Shortfall under terms of Underwriting	Thursday, 20 July 2023
Issue date and lodgement of Appendix 2A with ASX applying for quotation of the RCPS under Entitlement Offer and Placement	Friday, 21 July 2023
Quotation of RCPS issued under the Entitlement Offer and Placement	Monday, 24 July 2023

This ASX release was authorised by the Decmil Group Limited Board.

About Decmil

Decmil Group Limited (**ASX Code: DCG**) ('Decmil') is a market leader in complex, multi-disciplinary project services. Decmil's group of companies deliver integrated construction and engineering solutions across the infrastructure, resources, energy, and construction sectors. Decmil's goal is to maximise returns from operations to deliver value to shareholders, clients, and other stakeholders.

For further information please contact:

Investors:

investors@decmil.com.au

Mr Peter Thomas

CFO

Ph 08 6240 8160

Media:

Mr Cameron Morse

FTI Consulting, Strategic Communications

Ph 0433 886 871