



May 2020

Datagate Innovation Investor Update

Mark Loveys, CEO

Commercial and in Confidence – do not distribute

Executive Summary

Dear Investors,

Firstly, thank you for your ongoing support of Datagate. I think you will be pleased with the progress that Datagate has made during our most recent financial year ending March 31st, 2020, during which we began operating locally in North America.

\$1M ARR target achieved. International growth continues to accelerate

ARR (Annualized Recurring Revenue) has increased by 133% over the year and similarly we've more than doubled our number of signed customers. As you will see in the numbers and graphs of the following pages, we have done more new business in the last year than the total of all Datagate's preceding years combined.

Covid-19 Impact

Market demand for Datagate has not slowed down since the Covid-19 outbreak. Our clients are particularly busy supplying advanced unified communications systems and remote working solutions to their customers, to help them keep their businesses operational at this difficult time. Demand for Datagate remains strong. Our biggest month ever was April 2020.

American Partnerships Working Well

Datagate's success is built on our partnerships and our ability to work well in partner ecosystems.

ConnectWise remains our cornerstone partnership. 90% of our customers also use ConnectWise.

SkySwitch is a Florida-based white label wholesale telecom provider that we signed up as a reseller of Datagate in January this year. So far, they have signed up 22 Datagate deals.

Our five US telecom tax & compliance partnerships, (including Wolters Kluwer/CCH SureTax) continue to work well, where we receive a constant stream of sales introductions and we also refer deals to them.

ConnectBooster is a popular and successful payment-portal solution that many of our American clients use, so we recently signed a partnership with them where Datagate will receive commission on sales referrals to them. We are also in the process of offering them a reciprocal arrangement.

Product Development

We continue to develop the Datagate product aggressively, adding new functionality and integrations to partner products. This makes us more competitive and opens more partnership potential and market opportunities.

In April we released another major upgrade to Datagate, that makes our recurring billing more flexible and better suited to larger businesses.

Growth Prospects

The growth prospects for Datagate are exciting. The partnerships we have in place are working well, delivering ongoing sales opportunities at an increasing rate. Furthermore, we have new partnerships lined up for this year from which we expect to more than double the opportunity-base we have now. Our goal is to more than double our ARR again this year.

Future Capital Raise

Datagate is clearly in high-growth mode and it's important to keep our focus on growing revenue and market-share as aggressively as possible. As discussed during the last capital raise process, we plan a larger capital raise this year to accelerate our growth. Please stand by for future updates on this in the coming months.

Thanks again for your ongoing support of Datagate. We look forward to bringing you the next update with even more good news on progress.

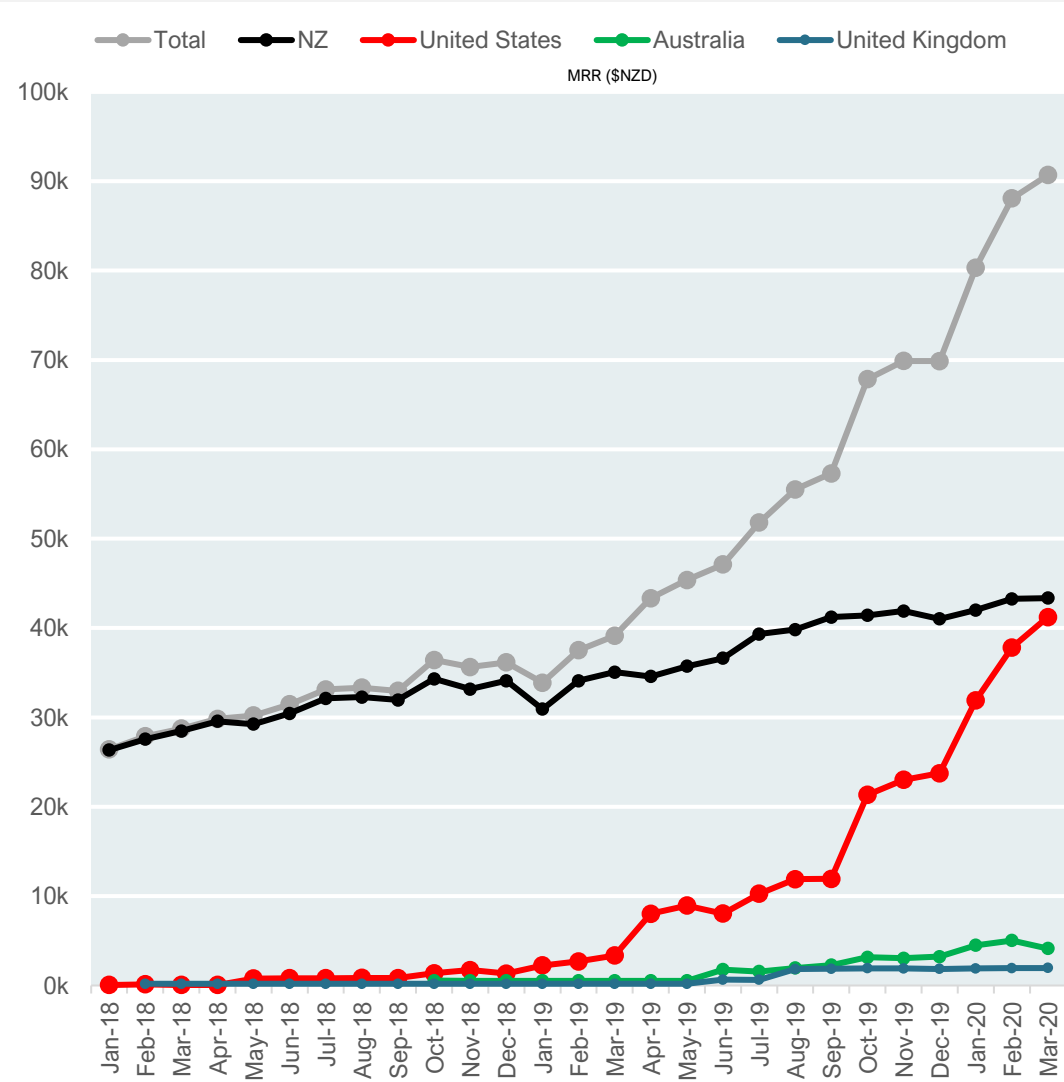
Mark Loveys
Chief Executive Officer

Highlights of the quarter

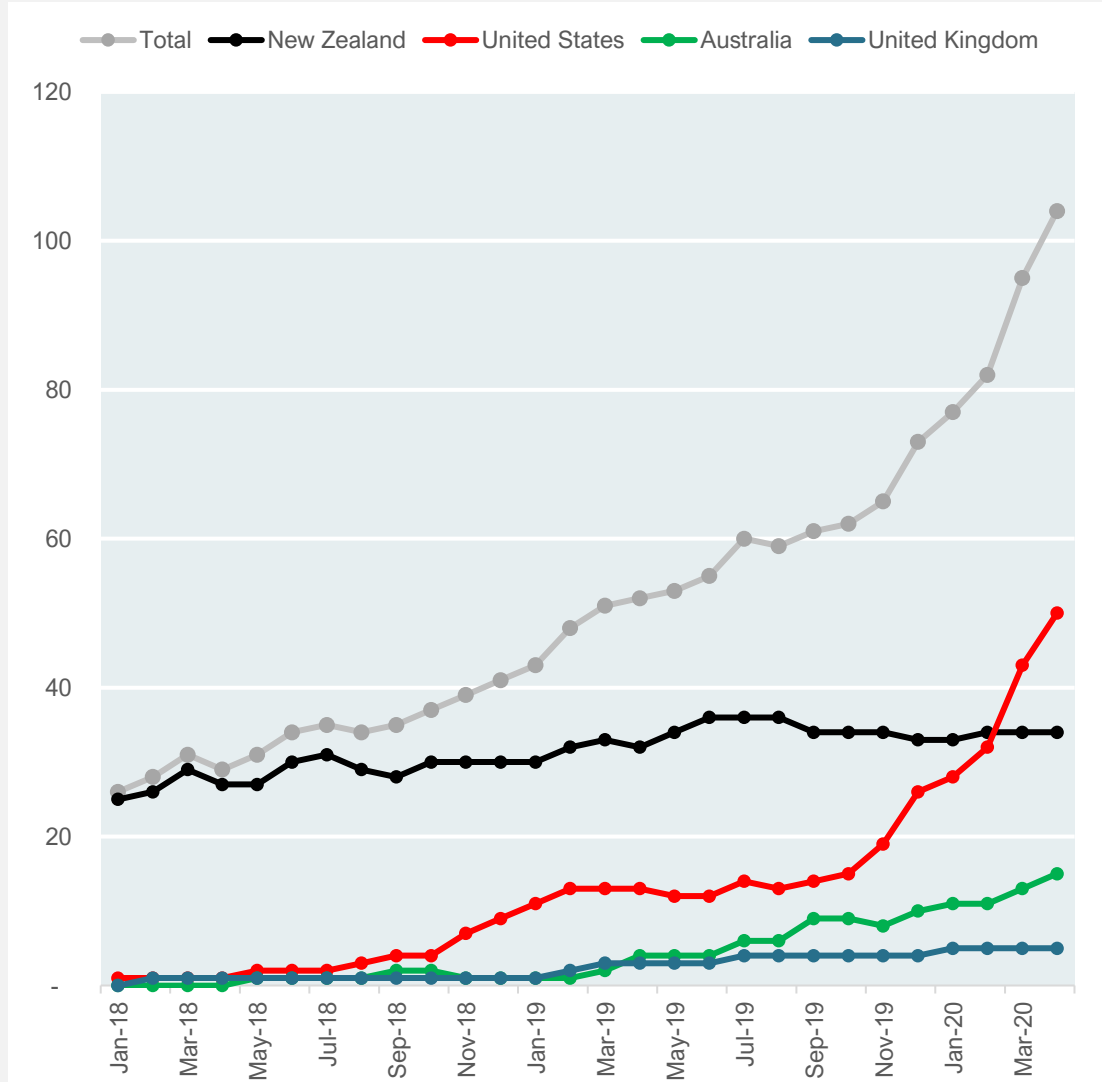
- ✓ March annualised recurring revenue (ARR) at \$1.1M (NZD) up 133% on last year and 31% in the quarter
- ✓ Signed customers increased from 73 to 95 up 30% with another 10 customers added this April
- ✓ International customers increased from 40 to 70
- ✓ Datagate v2.6 rolled out with significant new capabilities for larger customers
- ✓ Low customer churn maintained (no implemented Datagate customer has cancelled in 2019 or 2020)
- ✓ New signed referral partnership with Connect booster and new reseller partnership with SkySwitch
- ✓ Two new Canadian team members hired, and we're now in the process of hiring another
- ✓ No noticeable impact on demand for Datagate due to Covid-19 situation
- ✓ No staff turn-over

Datagate Group – Recurring Revenue and Customer Count

Monthly recurring revenue (MRR) by geography

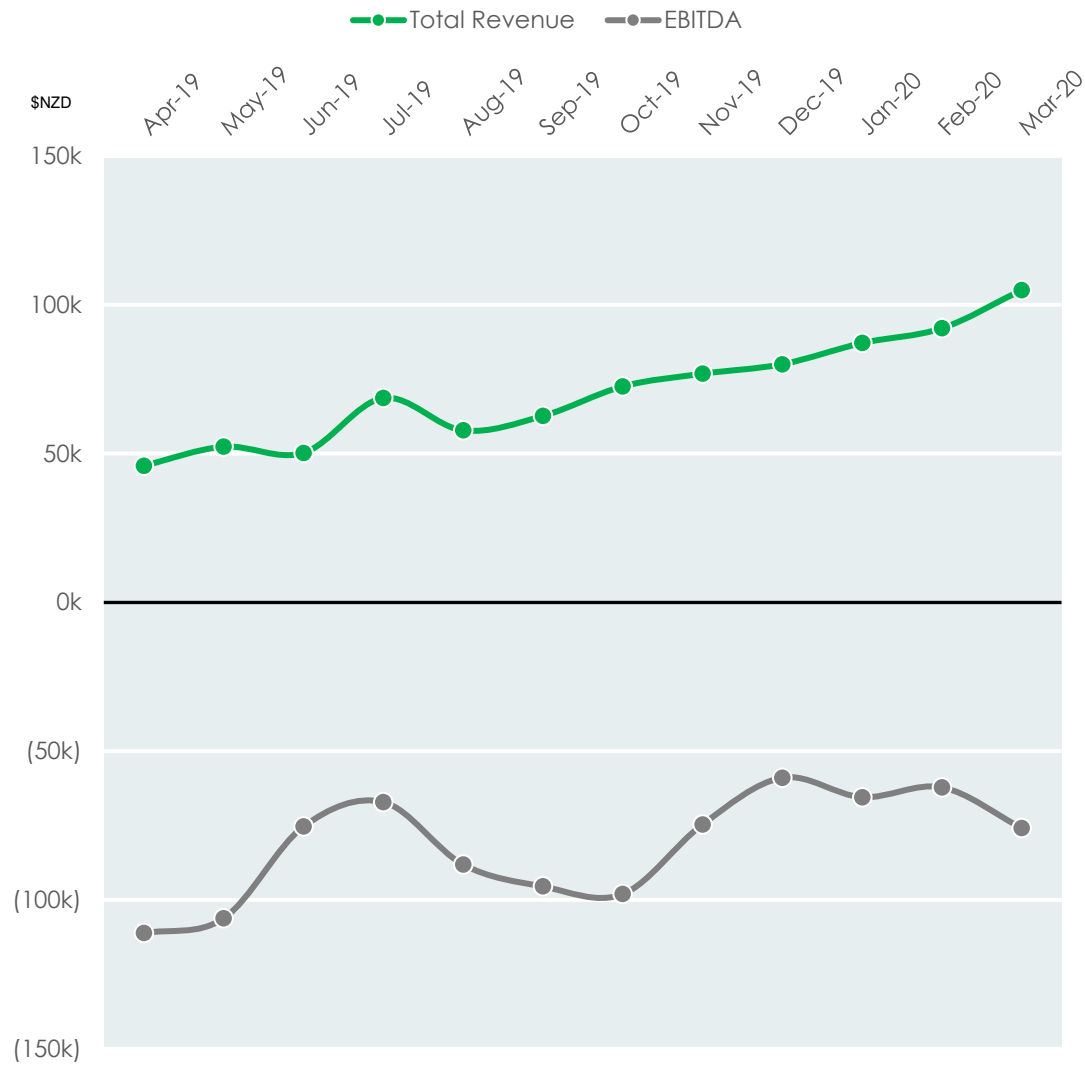


Number of signed customers by geography



Datagate Group – Profit and Loss and Cash

Total Revenue and Earnings Before Interest, Tax, Depreciation, Amortisation



Datagate Group Cash Movement and Cash Balance

