Damstra Technology

FY22 Results Presentation

25 August 2022

Financial data is provided on a pro forma basis except where explicitly stated otherwise

CONNECT + PROTECT YOUR WORLD

Presenters:

Johannes Risseeuw (Executive Chairman)

Christian Damstra (Chief Executive Officer)

Andrew Ford (Chief Financial Officer)

Disclaimer

This presentation includes general information about the activities of Damstra Holdings Limited ACN 610 571 607 (Damstra) and its affiliates and related bodies corporate (as defined in the Corporations Act 2001 (Cth) (Corporations Act) (together, the Damstra Group). This presentation is current as at 25 August 2022 (unless otherwise stated herein). The information contained in this presentation is for general information purposes only.

The information contained in this presentation does not constitute investment or financial product advice (nor taxation or legal advice) and is not intended to be used as the basis for making an investment decision. It does not take into account the investment objectives, financial situation, taxation position or needs of any particular investor, which should be considered when deciding if an investment is appropriate. You must consider your own investment objectives, financial situation and needs. You should conduct and solely rely upon your own independent investigations and enquiries, including obtaining taxation, legal, financial or other professional advice in relation to the information contained in this presentation as appropriate to your jurisdiction.

This presentation should be read in conjunction with any reports, financial statements, appendices or other documents or information that accompanies this presentation or which is otherwise announced or released by Damstra on or about the same time as this presentation. This presentation should also be read in conjunction with Damstra's other periodic and continuous disclosure announcements.

While care has been taken in preparing the information in this presentation, to the maximum extent permitted by law, no representation or warranty, express or implied, is made nor any duty undertaken in favour of any person as to the currency, accuracy, reliability, completeness or fairness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, no member of the Damstra Group nor any of their respective directors, officers, employees, affiliates, partners, consultants, agents, representatives or advisers (each a Damstra Party and together, the Damstra Parties) guarantees or makes any representations or warranties, express or implied, as to or takes responsibility for, the currency, accuracy, reliability, completeness or fairness of this presentation nor the information, opinions and conclusions contained in this presentation. The Damstra Parties do not represent or warrant that this presentation is necessarily complete or that it contains all material information about the Damstra Group which a current or prospective investor may require in evaluating a current or possible investment in Damstra. To the maximum extent permitted by law, each Damstra Party expressly disclaims any and all liability (whether direct, indirect, consequential or contingent), including, without limitation, any liability arising out of fault or negligence on the part of any person, for any loss, expenses, damages or costs arising from the use of information contained in this presentation or for omissions from this presentation including, without limitation, any financial information, any estimates or projections and any other financial information derived therefrom. Whilst the Damstra Group has prepared this presentation in good faith, the information appearing in this presentation has not been independently verified or audited and may be subject to change, including via further market updates. Anyone proposing to use such information should independently verify and check the accuracy, completeness, reliability and suitability of the information and should obtain their own independent and specific advice from appropriate professionals or experts.

None of the Damstra Parties act for, or are responsible as a fiduciary to, you or any other person. Any fiduciary relationship is expressly disclaimed.

This presentation contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of forward-looking words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "outlook", "upside", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions. Forward-looking statements include statements about Damstra's expectations regarding the performance of the Damstra Group's business and its plans, strategies, prospects and outlook. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements, as may be any other statements that are not based on historical or current facts. Forward-looking statements are often based on: (1) assumptions regarding the Damstra Group's financial position, business strategies, plans and objectives of management for future operations and development and the environment in which the Damstra Group will operate; and (2) current views, expectations and beliefs as at the date they are expressed, and which are subject to various risks and uncertainties.

None of Damstra, or any other Damstra Party, makes any representation or warranty as to the accuracy of any forward looking statements contained in this presentation. Such statements speak only as of the date hereof. Except to the extent required by law, none of the Damstra Parties has any obligation to update or revise any such statements to reflect any change in events, conditions or circumstances on which any such statement is based. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Damstra Parties, which may cause actual results to differ materially from those expressed or implied in such statements. For example, the factors that are likely to affect the results of the Damstra Group include (but are not limited to) general economic conditions in Australia and globally, exchange rates, competition in the markets in which the Damstra Group does and will operate; weather and climate conditions; and the inherent regulatory risks in the businesses of the Damstra Group.

There can be no assurance that actual outcomes will not differ materially from the forward-looking statements. As such, readers are cautioned not to place undue reliance on these statements. Any statements as to past performance do not represent, and are not an indication of, future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward looking statements, forecast financial information or other forecast. Nothing contained in this presentation is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or future. In addition, the Damstra Parties have not independently verified, and cannot give any assurance as to, the accuracy and completeness of any market and industry data or other information contained in this presentation that has been extracted or derived from third party sources. Accordingly, the accuracy and completeness of such information is not guaranteed and it is merely included in this presentation for what it is worth and without endorsement by the Damstra Parties.

This presentation is not, and does not constitute, an offer to sell, or the solicitation of an offer to buy, invitation or recommendation to purchase any securities or other investment products in any jurisdiction, and neither this presentation nor any of the information contained herein, shall form the basis of any contract or commitment.

All financial amounts contained in this presentation are expressed in Australian dollars (unless otherwise stated). Any discrepancies between totals and sums of components in tables, figures and body content contained in this presentation are due to rounding. Tables, figures and body content contained in this presentation have not been amended by Damstra to correct immaterial summation differences that may arise from this rounding convention.

Damstra's results are reported under IFRS. This presentation may nevertheless include non-IFRS information and other measures such as ratios. These other measures are used internally by management to assess the performance of the business. Non-IFRS and other measures should not be considered as an indication of, or as an alternative to, an IFRS measure and accordingly you are cautioned not to place undue emphasis on any such information or measures.

This presentation may contain trade marks and trade names of third parties, which are the property of their respective owners. Third party trademarks and trade names used in this presentation belong to the relevant owners and use is not intended to represent sponsorship, approval or association by or with any of the Damstra Parties.

This presentation is made available to you on the condition that by receiving, viewing, downloading or otherwise accessing or utilising this presentation, you confirm that you understand and agree to the contents of this important notice and that you are a person to whom this presentation may lawfully be made available in accordance with laws applicable to you, including those of the jurisdiction in which you are located.

RESULTS OVERVIEW

1

Key financial and operating metrics in FY22

DAMSTRA

$29.3m Revenue[1] 18% growth vs. FY21[2] 25% growth H2 FY22 vs H1 FY22[2]	**$29.0m** ARR[3,4] Vs. $27.8m as at December 21	**108%** Net client retention[5,6] Vs. 100% in FY21, 108% in H1 FY21	**2.0%** Client revenue churn[5,7] Vs. <1.0% in FY21, 2.2% in H1 FY21
70% Gross Margin Vs. 79% in FY21	**1.7%** EBITDA[8] Vs. 24% in FY21, (1.6%) in H1 FY22	**$1.2m** Q4 Operating & Investing cash outflow[3] Vs. $3.4m average Q1-3 FY22[3]	**$10.1m** Cash balance[3] Vs. $9.8m in FY21[3]

1. Includes $0.3m of revenue associated with equity accounted joint venture (2021: $0.3m)
2. Presented on a proforma like-for-like basis, excluding Newmont revenue (2022: $0.7m, 2021: $3.1m)
3. As at 30 June 2022 or 30 June 2021, as applicable
4. Annual Recurring Revenue. Recurring portion of exit month revenue on an annualised basis
5. Calculation excludes Newmont
6. Calculated as the increase in revenue generated from the prior period cohort.
7. Calculated as prior year recurring revenue that was lost during the financial year. Includes Vault customers in 1HFY22 and FY22.
8. Before impairment of goodwill and other assets, share based payments, restructuring costs and acquisition and other costs.

FY22 Key Highlights

Major milestones

- ✓ Won several North American clients, opening up broad international rollout opportunities
- ✓ Cost optimisation project target upgraded to $8m on annualised basis. As of July-22, $5.8m has been achieved on a run-rate basis (73% of target)
- ✓ Material step-down in operating and investing cash outflow in Q4 to $1.2m. Average outflows in the previous three quarters were $3.4m
- ✓ Pathway to free cash flow positive emerging in H2 FY23
- ✓ H2 FY22 revenue 25% up on H1 FY22

Client trends

- ✓ Construction vertical growth continues; transition to renewable energy is a growing opportunity
- ✓ Client wins in new Facilities Management vertical
- ✓ Net client retention[1] 108%
- ✓ Client churn[1] ~2%
- ✓ 953 clients at Jun-22 vs 724 at Jun-21
- ✗ Partner strategy - significant opportunities exist, which we are yet to exploit fully

Technology

- ✓ Strategic module integration achieved across the Enterprise Protection Platform (EPP) platform
- ✓ Self-configuration being rolled out to clients
- ✓ Damstra Insights product completed and being rolled out to all clients
- ✓ EPP now available in 15 different languages
- ✓ Product pipeline focus:
  - New company portal integration between modules
  - Suppler prequalification v1 implemented, essentially a new product
  - ✗ Integrated PTW, SWMS & plant offering. These are core workflows solutions with strong client demand

Future catalysts

- ✓ Accelerate international growth via recent North American clients wins
- ✓ Converting Asian opportunities to create another growth corridor
- ✓ Full integration of legacy systems into the EPP will lead to further lowering of our cost base and the removal of associated maintenance overhead
- ✓ Unlocking the synergistic opportunity of Safety, Learning and Forms modules working together in an integrated fashion
- ✗ TIKS short term performance has been below expectations, but there remains significant upside in the Permit to Work solution and new vertical expansion.

1. Excluding Newmont

FY22 has been a year of transition

Executing on the turnaround story - narrowing cash burn in Q4 with pathway to positive FCF emerging in H2 FY23

- ✓ Negative impact of COVID is now behind us. Revenue was up ~25% in H2 FY22 vs H1 FY22
- ✓ The US business now has anchor clients, investment in the region is paying dividends. The pathway to cash flow breakeven is clear
- ✓ Clear pathway to cash flow breakeven in H2 FY23
- ✓ Organic growth is now returning. The loss of Newmont in FY21 will have a reduced impact going forward (Revenue: FY21 $3.1m, FY22 $0.7m)
- ✓ International underperformance has been rectified. The UK business has been closed, now focusing on North America and Asia
- ✓ Operating leverage returning with increased revenue
- ✓ Acquired 117 new clients in FY22, including organic growth and those acquired via the TIKS acquisition
- ✓ TIKS acquisition has underperformed short term revenue expectations, but recent client cross-sell demonstrates the value of the product and new vertical exposure
- ✓ Aggressive cost optimisation project in place, annualised target of $8m. Present annualised run rate $5.8m has been achieved (73% of target)
- ✓ Net client retention ratio has returned to positive territory
- ✓ Pathway to resolution of two legacy Vault contractual issues – one resolved and new arrangements in place, the other subject to a continuing claim
- ✓ Technology investment resulting from prior acquisition integration has peaked, with R&D as % of revenue expected to fall in the future

BUSINESS UPDATE

2

Damstra Group is a global provider of enterprise protection solutions

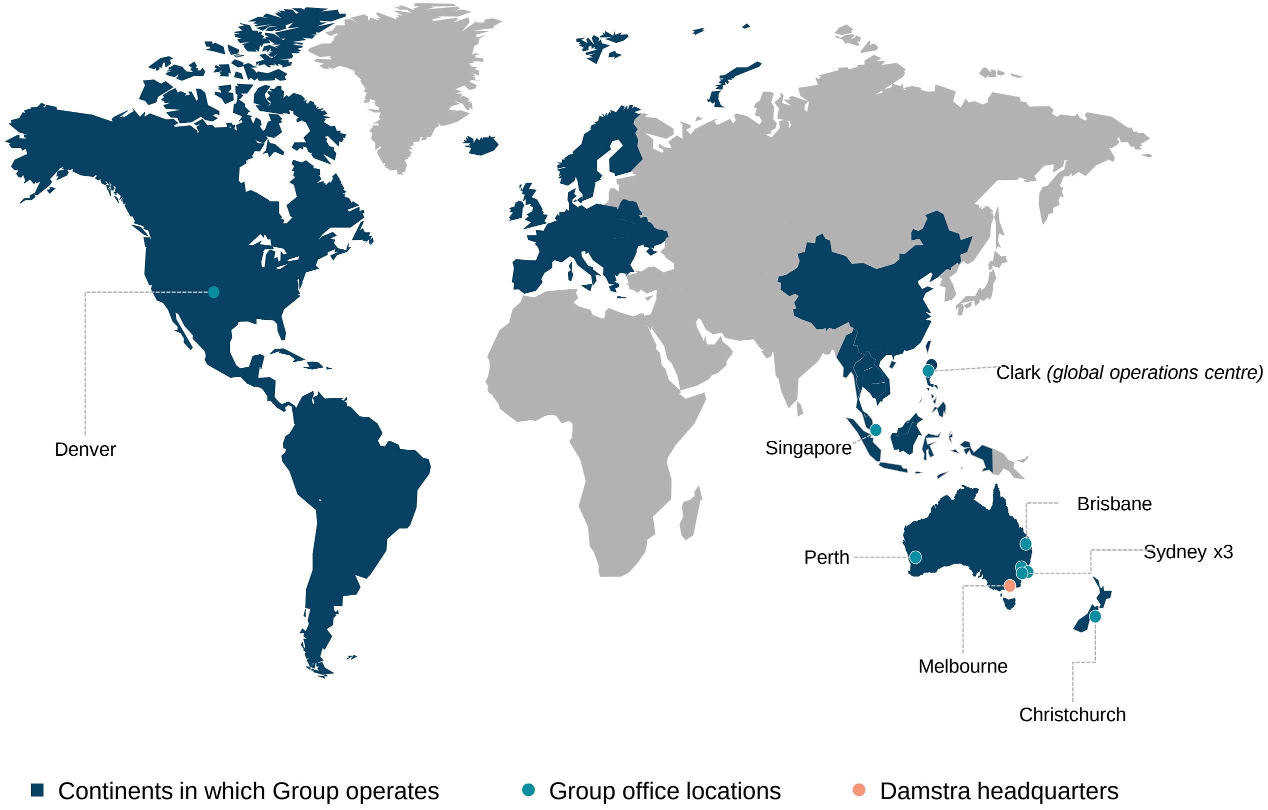
Our business profile in last 12months has changed and will continue to evolve

Achieved year-on-year growth…

>20
countries[1]
(FY21: ~**20**)

953
clients
(Jun-21: **724**)

~800k
licences[2]
(Jun-21: ~**737k**)



…with greater efficiency and reach.

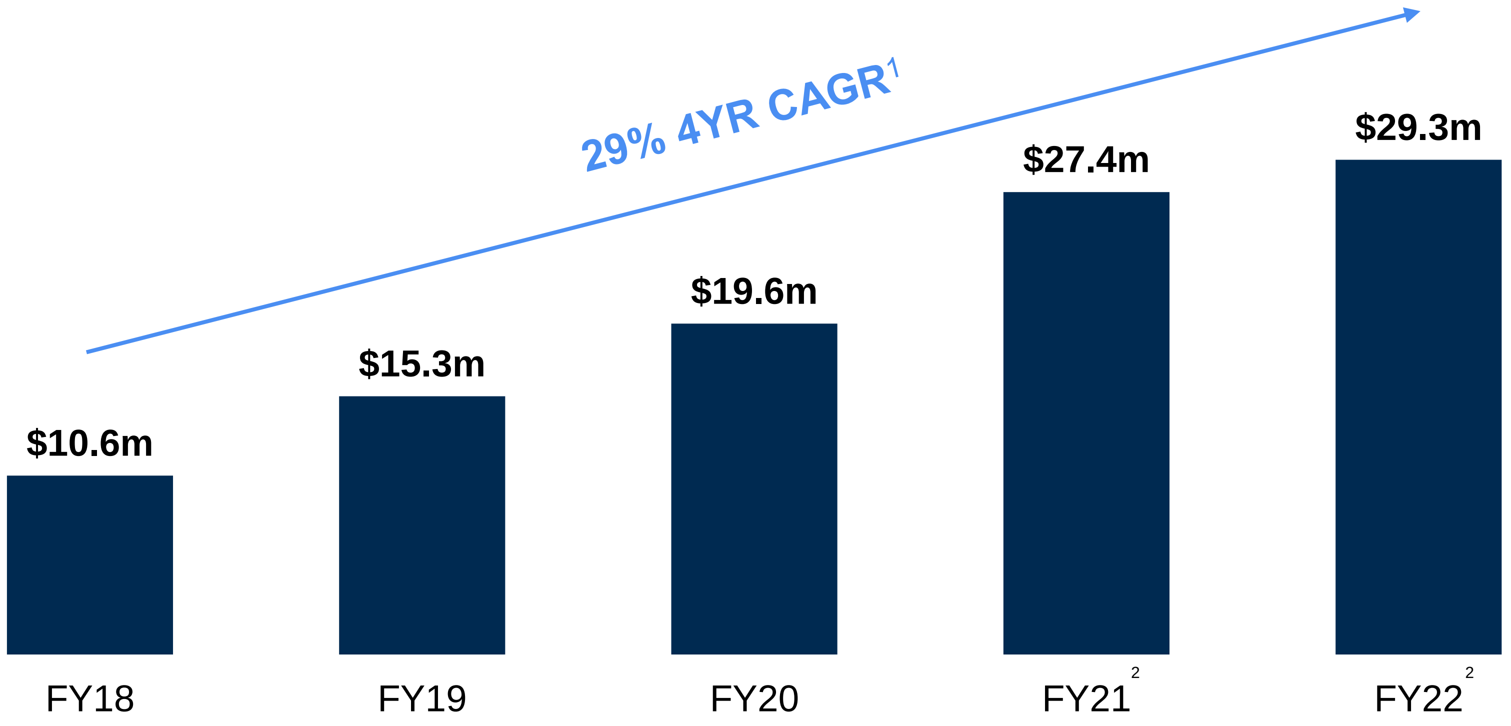
10
offices
(Jun-21: ~**12**)

~200
Employees
(Dec-21: ~**220**)

15
languages
(FY21: **1**)

1. Countries where Damstra products are presently used
2. Estimated as at 30 June 2022, excludes TIKS acquisition

Significant revenue growth since FY18



1. Compound Annual Growth Rate
2. Includes revenue associated with equity accounted joint venture (FY21: $0.3m, FY22: $0.3m)

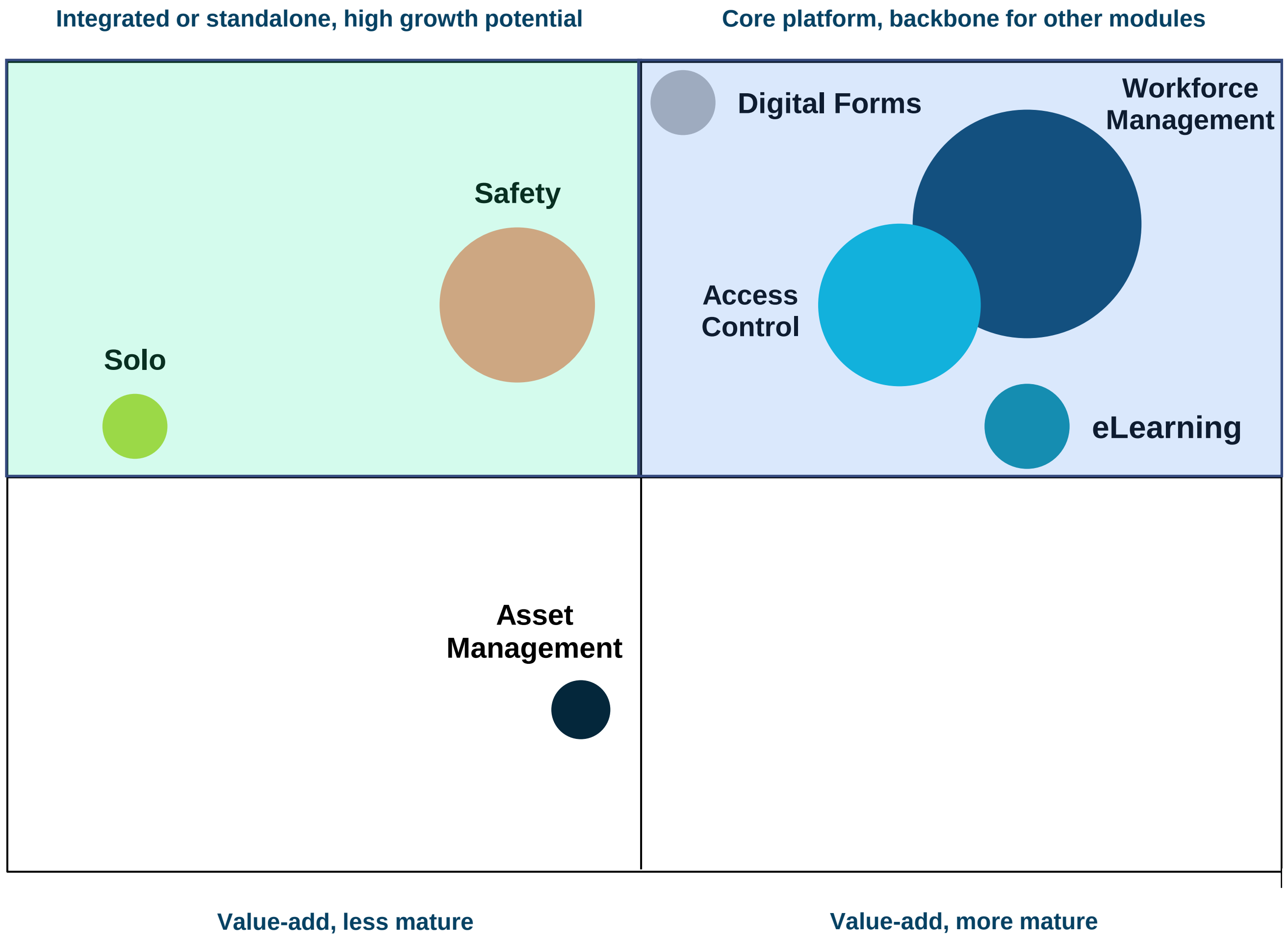
New go-to-market strategy to drive FY23 revenue growth

Bundling core product modules to simplify adoption and introducing value add-on modules

Product Extensions

- Insights
- Safety workflows: Work packs, SWMS, Permits, Pre-starts,
- Supplier prequalification
- Data Science
- ESG

Growth Focus



Relative Maturity

EPP workflow bundles:

1. **Protection:** WFM + Access + Learning + Forms + Safety
2. **Safe Places:** WFM + Learning + Forms + Safety
3. **Prepared People:** WFM + Learning + Forms

Growth strategy

Core strategy for FY23 focuses on these 12 areas

Geography	**North America** Implement new clients and continue to grow, heading towards cash flow positive	**Asia** Material client opportunities exist - intent to make Asia a growth corridor	**Users** Construction clients are accelerating across the business and continue to expand. The macro energy transition is a real opportunity
Verticals	**New verticals** Facilities Management opportunities exist globally and significant progress is being made	**Smaller clients** Cross-sell opportunities exist in Forms, Safety and Learning modules	**Partners** Local and global partnerships continue to evolve
Product	**New Products** New initiatives underway, such as company portal, digital cards. Reconfiguring/integrating PTW, SWMS & plant.	**Unlocking value** Consolidating our platform by retiring legacy platforms and fully integrating continuing products into EPP	**EPP** EPP proposition offering deeper functionality while increasing usability
Financial	**Free Cash Flow** Pathway to Free cash flow in 2H FY23	**Cost optimisation** Full run rate target of $8m to be achieved by the end of Q2 FY23	**Operating Leverage** EBITDA and cashflow expands with increased revenue and achievement of cost savings

PRODUCT & TECHNOLOGY UPDATE

3

We are positioning ourselves as a leading integrated solution

Breadth and scale of our offering has been recognised by industry research firm Verdantix

Global Leaders in Connected Worker Solutions[1]

\# of dedicated employees

>200 employees

50-200 employees

<50 employees

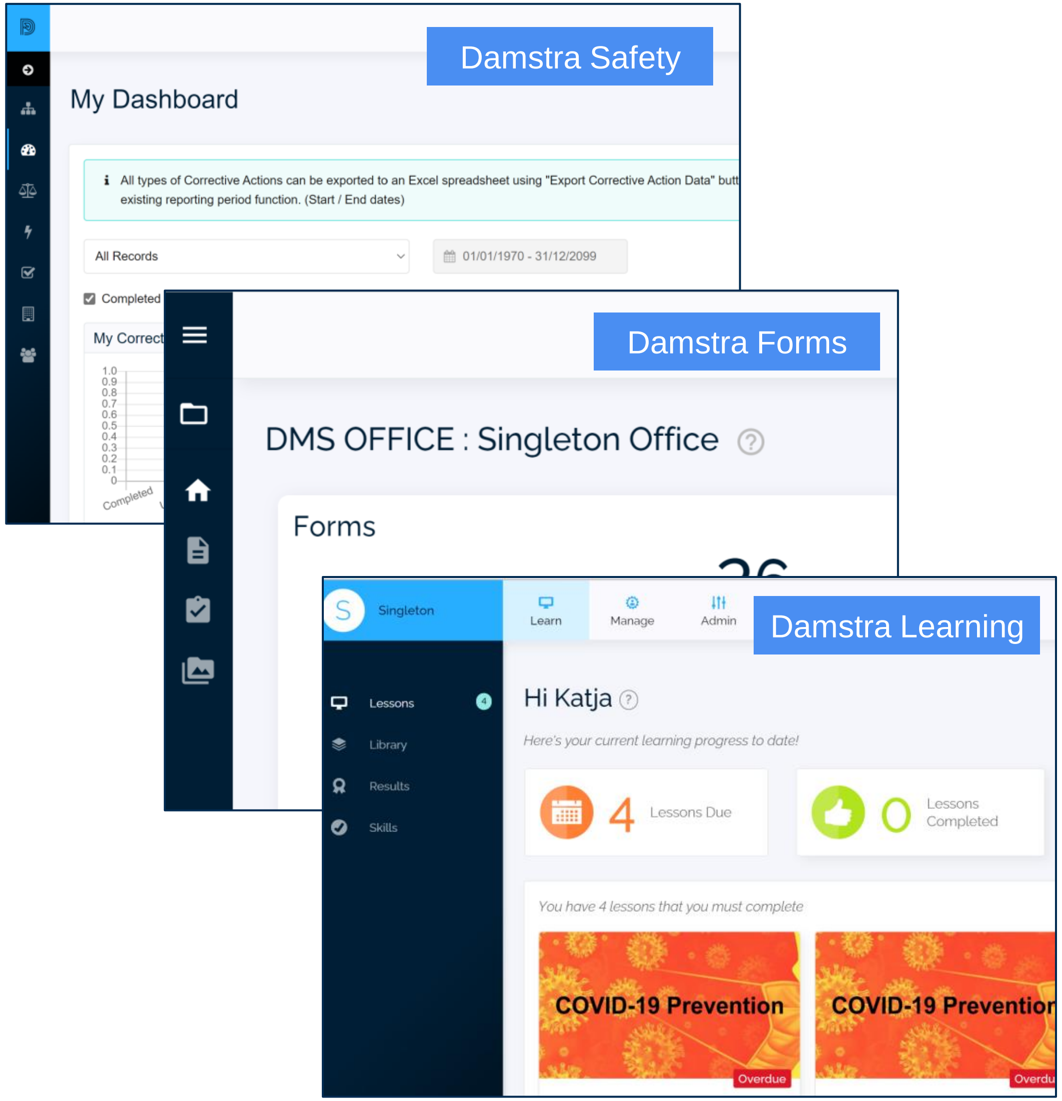
1-2 use cases | 3-4 use cases | >5 use cases

Breadth of portfolio

"Damstra's experience in infrastructure, ports and mining make it a good fit for firms dealing with heavy machinery and busy worksites" – Verdantix[2]

1. Source: Commissioned strategic insights report (August 2021)
2. Source: '10 Exciting Connected Worker Solution Providers To Watch in 2021' report (May 2021)

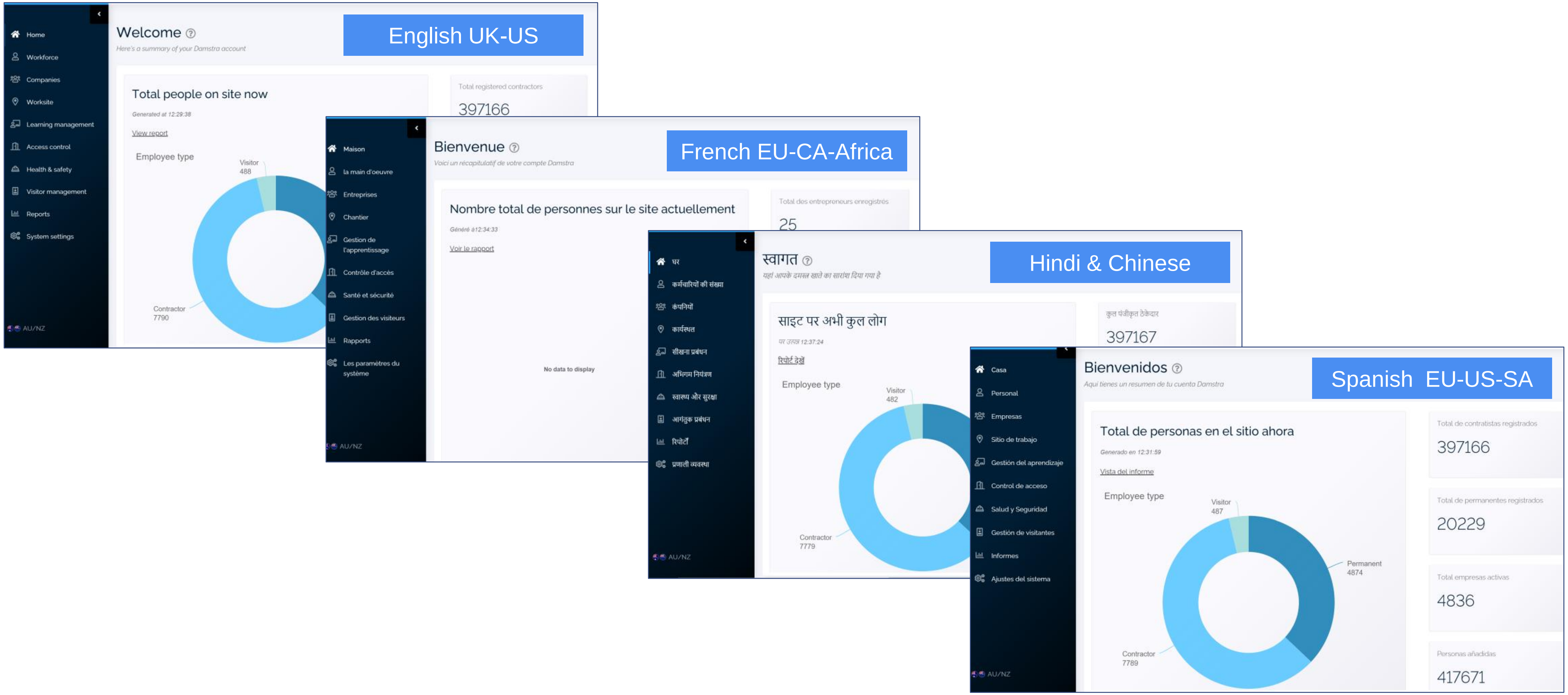
FY23 focus is on monetising the integrated and modular EPP



EPP is now a truly global platform, supporting 15 languages world-wide

DAMSTRA

Smart language editor can roll out new languages in a matter of hours

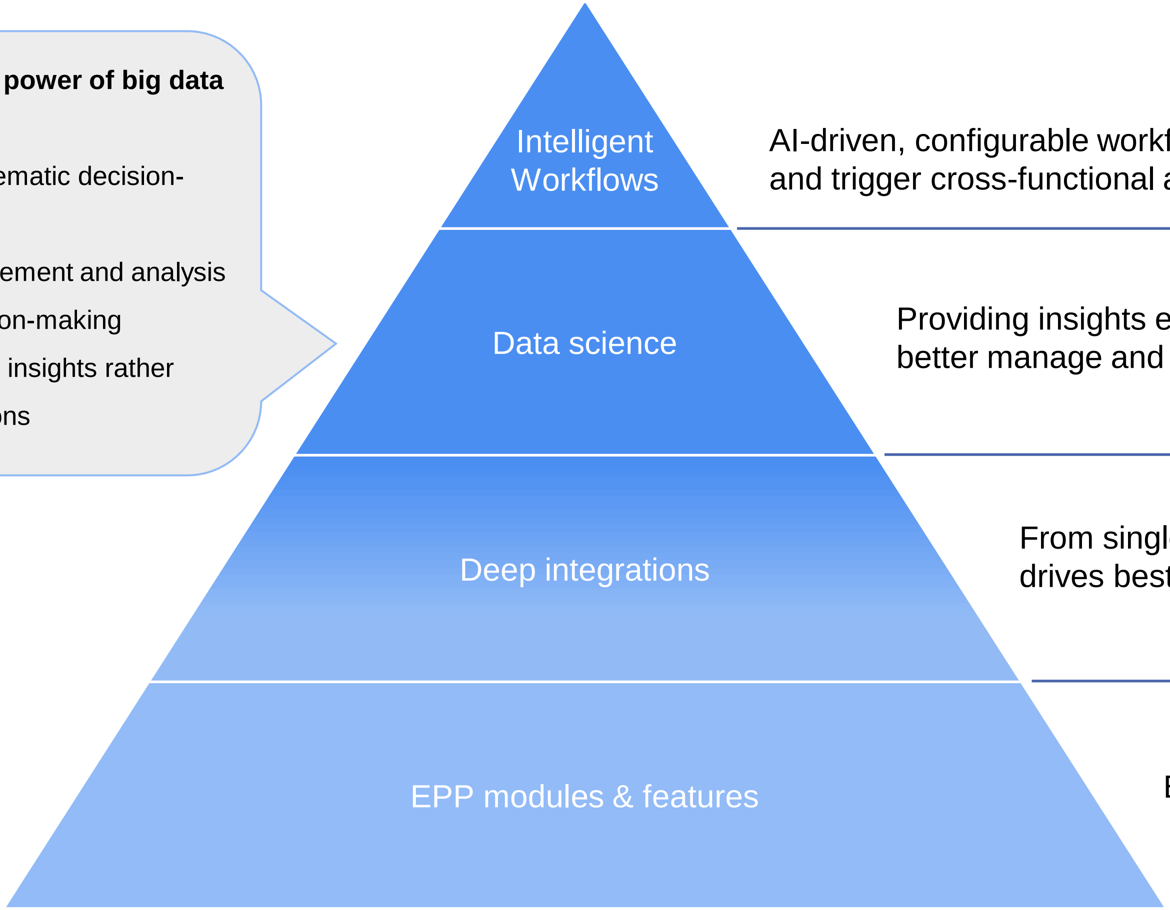


FY23 product development focused on commercialising data & AI

Data Science and Intelligent Workflows

Harnessing the power of big data

- Enabling systematic decision-making
- Using measurement and analysis to drive decision-making
- Promotes real insights rather than perceptions



AI-driven, configurable workflows that predict risks and trigger cross-functional actions to mitigate risks

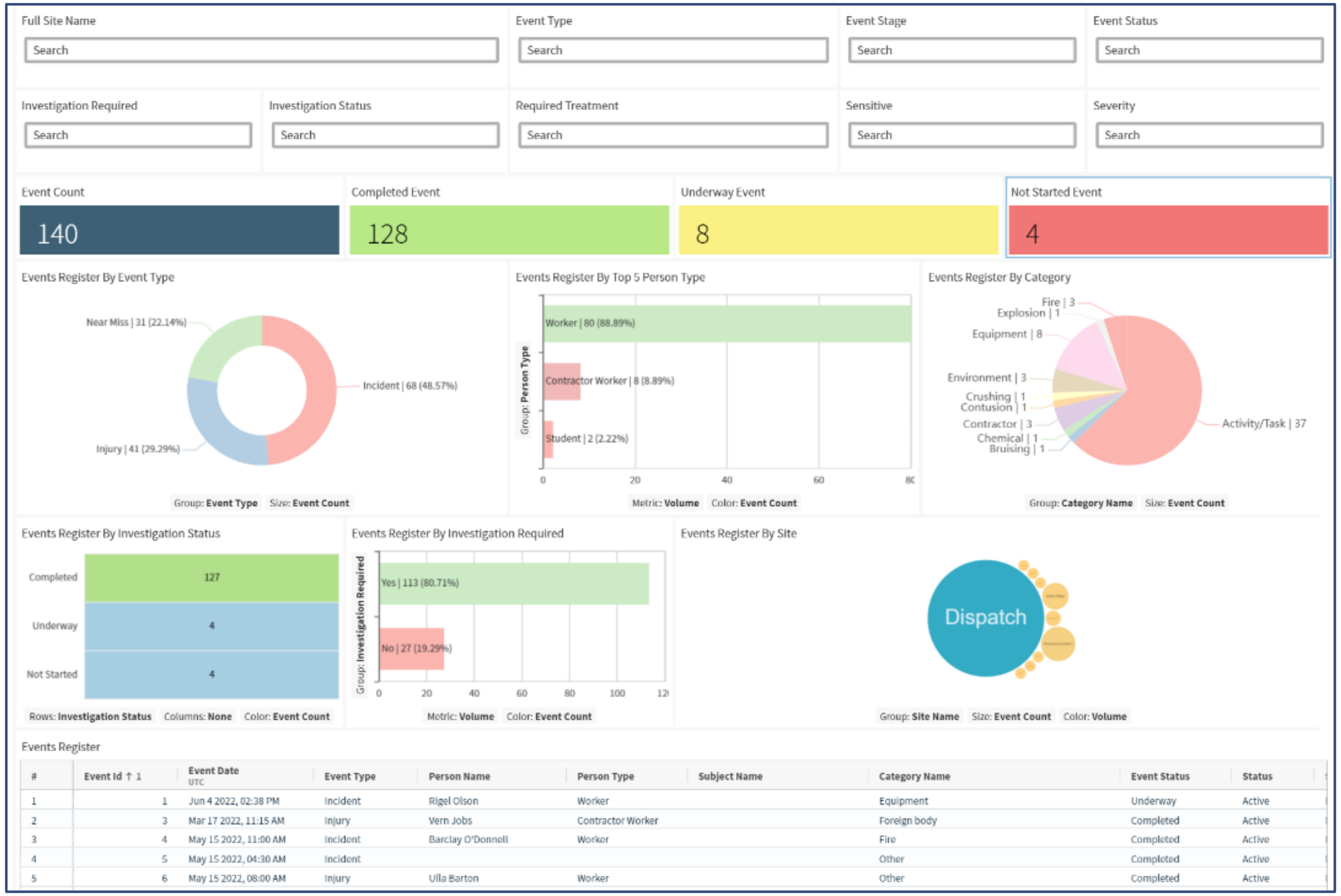
Providing insights enabling data-driven decisions to better manage and mitigate business risks

From single sign-on to deep module integration that drives best-practice protection

Building blocks and tools to protect organisations

Damstra Insights harnesses and demonstrates the power of data

Through data visualisations, live dashboards and real-time insights



- **Live dashboard visualisations** brings data to life
- **Standard visualisations** are available out-of-the-box
- **Analytics** can be **customised** from standard dashboards
- Users can create their own **dashboards** and **visuals**
- **Smart dynamic visuals** are built-in

FY22 FINANCIAL INFORMATION

4

Financial results summary for FY22

Income statement ($m)	FY20	FY21	FY22	H1 FY22	H2 FY22
Total revenue[1,2]	**19.6**	**27.4**	**29.3**	**13.3**	**15.9**
Gross profit	**17.0**	**21.6**	**20.3**	**9.7**	**10.6**
Research and development	(2.2)	(2.9)	(2.1)	(1.1)	(1.0)
Sales and marketing	(3.2)	(5.3)	(9.0)	(4.6)	(4.4)
General and administration	(4.7)	(6.7)	(8.8)	(4.2)	(4.6)
Pro forma EBITDA[3]	**6.8**	**6.6**	**0.5**	**(0.2)**	**0.7**

Key financial metrics	FY20	FY21	FY22	H1 FY22	H2 FY22
Revenue growth vs. pcp (%)	*28.0%*	*39.7%*	*18.0%*	*16.8%*	*19.0%*
Gross margin (%)	*68.5%*	*78.9%*	*70.0%*	*73.4%*	*67.2%*
Total[4] R&D as a % of revenue	*(29.1%)*	*(23.5%)*	*(27.5%)*	*(27.7%)*	*(27.4%)*
Total[4] S&M as a % of revenue	*(29.1%)*	*(28.7%)*	*(30.4%)*	*(33.6%)*	*(27.8%)*
Total[4] G&A as a % of revenue	*(26.8%)*	*(29.6%)*	*(39.2%)*	*(42.9%)*	*(36.2%)*
Pro forma EBITDA[3] margin (%)	*34.8%*	*24.3%*	*1.7%*	*(1.6%)*	*4.4%*

FY22 highlights

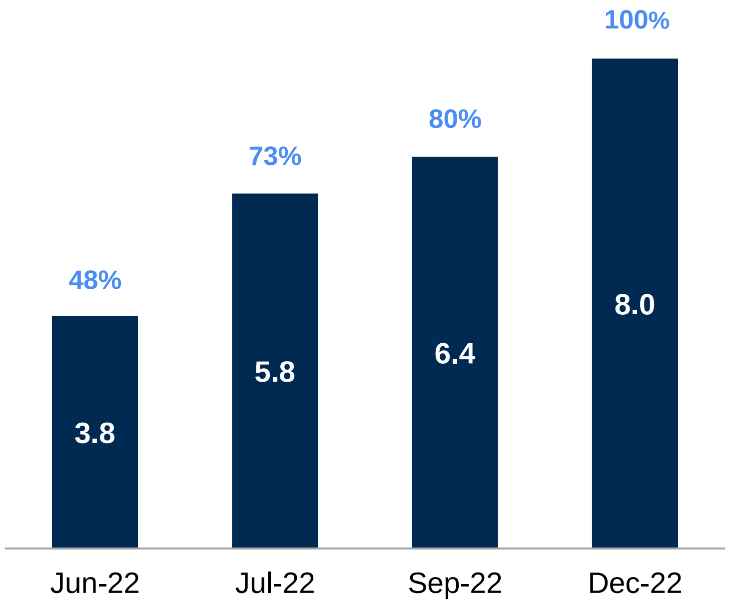
- Revenue growth of 7% vs FY21
  - 18% growth excluding Newmont
  - 25% growth 2HFY22 vs 1HFY22
- Gross margin 70%, impacted by lower TIKS customer margins
  - Expected to increase over time from cost optimisation project and leverage benefit from higher revenue
- Expense categories impacted by cost bases of acquired businesses at various points across the two years
  - Focus is on delivering $8m of cost savings (direct and indirect costs). July annualised run rate at $5.8m (73% achieved).
- Improved results in 2HFY22 vs 1HFY22
  - Revenue up 25% (excluding $0.7m residual Newmont revenue in 1HFY22)
  - EBITDA positive in 2H
  - Gross margin lower due to mix but expected to improve in FY23
  - 2H costs lower as a % of revenue

1. Includes $0.3m of revenue associated with equity accounted joint venture (2021: $0.3m)
2. FY22 excludes Newmont (2022: $0.7m, 2021: $3.1m)
3. Before impairment of goodwill and other assets, share based payments, restructuring costs and acquisition costs and other costs;
4. Cost of sales plus operating expense; Does not include capitalised R&D expenses

Cost optimisation project on target

Cost savings (annualised run-rate) ($m)

Pro Forma Jun-22 – Dec-22



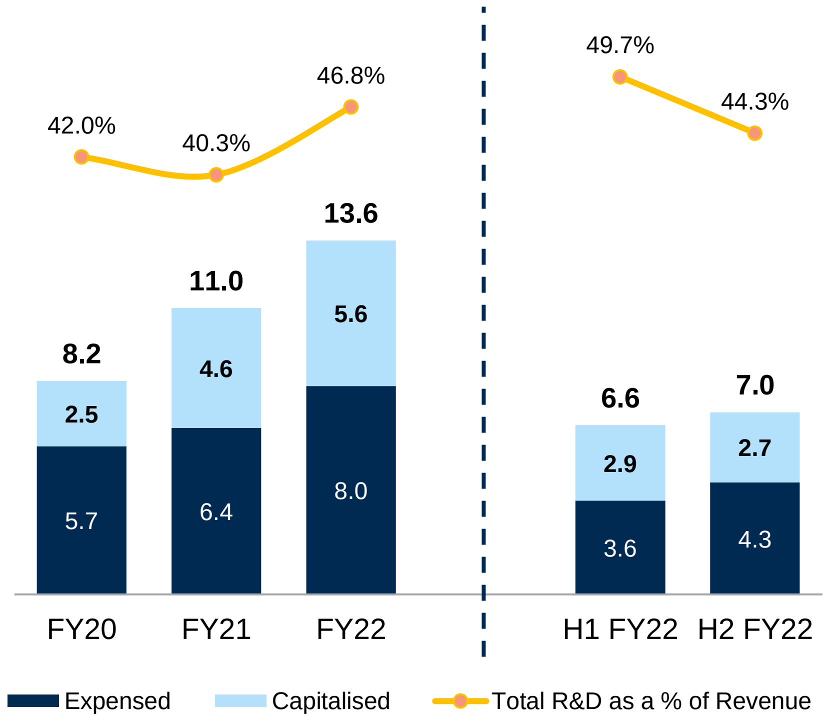
Cost optimisation project

- Starting cost base assumption as at February 2022;
- Total cost savings target $8m p.a.;
- At the end of June 22, $3.8m or 48% of the cost savings delivered;
- At end of July 2022, $5.8m or 73% delivered;
- Full run rate of $8m annualised expected at end of December 2022;
- Cost savings include infrastructure optimisation, hosting costs, software optimisation, office rationalisation, client self-configuration and organisational right sizing
  - $8m target is inclusive of staff salary increases in FY23

R&D to reduce as a % of revenue

Total R&D as a % of Revenue ($m)

Pro Forma Jun-22 – Dec-22



R&D to reduce as a % of revenue

- R&D $ costs to stabilise following a period of capital expenditure following acquisitions and development of EPP;
- FY22 spend reflects development to enhance cross-platform functionality and maintain product differentiation advantage;
- FY22 total R&D spend as a % of revenue higher than FY21, but 2H lower than 1H, notwithstanding increased developer salary costs;
- As revenue increases, R&D spend is not expected to increase at the same rate providing a leverage benefit. Subject to the extent of revenue growth, future R&D spend is likely to reduce to <40% of revenue.

Significant reduction in cash outflow in Q4FY22

FY23 focus on free cashflow (before acquisitions & funding)

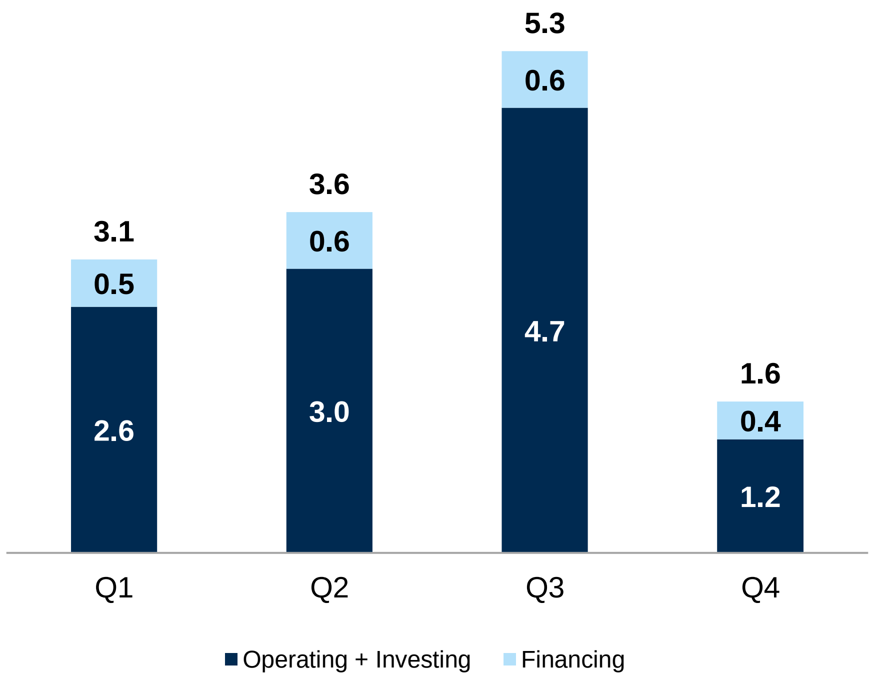
- Defined as operating, investing, and financing activities but excluding acquisitions, drawdown/repayment of debt and other funding transactions.

Q4FY22 cash outflow better than flagged at the end of Q3

- Greater visibility and better control over cash flow outcomes
- Clear pathway exists to cashflow positive in 2HFY23

FY22 Cash Flow by Quarter ($m)	Q1	Q2	Q3	Q4	FY22
Operating + Investing	(2.6)	(3.0)	(4.7)	(1.2)	(11.4)
Financing	(0.5)	(0.6)	(0.6)	(0.4)	(2.2)
Free cashflow (before acquisitions & funding)	**(3.1)**	**(3.6)**	**(5.3)**	**(1.6)**	**(13.6)**
Acquisition costs	--	(2.2)	--	--	(2.2)
Equity raising	--	18.9	(0.3)	--	18.6
Borrowings	(0.1)	(1.0)	(1.2)	(0.2)	(2.5)
Total Cashflow	**(3.2)**	**12.1**	**(6.8)**	**(1.8)**	**0.3**
Opening Cash	9.8	6.7	18.7	11.9	9.8
Closing Cash	**6.7**	**18.7**	**11.9**	**10.1**	**10.1**

FY22 Cash Outflow before acquisitions & funding by Quarter ($m)



FY22 pro forma to statutory income statement reconciliation

DAMSTRA

Income statement ($m)	FY21	FY22	
Pro forma EBITDA	**6.6**	**0.5**	
Impairment of goodwill and other assets	--	(42.3)	1
Share based payments	(3.2)	(1.6)	2
Restructuring costs	--	(0.3)	3
Acquisition costs and other	(1.5)	(0.5)	4
EBITDA	**1.9**	**(44.2)**	

1. Impairment of goodwill and other assets. Equates in quantum to the additional goodwill of $40.5m recognised from the Vault acquisition in 2021 from the increase in share price from date of announcement to date of completion;
2. Non-cash expense related to allocation of share-based payments to employees;
3. Restructuring costs incurred to achieve cost savings;
4. Includes expenses associated with acquisitions made during the period.

FY23 OUTLOOK

5

FY23 outlook

Revenue guidance of $32m - $34m

FY23 Guidance	
Revenue	$32m - $34m
EBITDA Margin	14% – 18%
Free Cash Flow[1]	($2.5m) – ($0.5m)

Key Assumptions

- No material change in market conditions (such as the re-emergence of COVID restrictions);
- Cost optimisation project of $8m is delivered as planned;
- Client retention % and client churn % no worse than FY22;
- No deterioration in working capital efficiency.

1. Defined as operating, investing, and financing activities but excluding acquisitions, drawdown/repayment of debt and other funding transactions.

THANK YOU