Damstra Technology

H1 FY22 Results Presentation

28 February 2022

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

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RESULTS OVERVIEW

1

Key financial and operating metrics in H1 FY22

$13.4m Revenue[1] 16% growth vs. H1 FY21[2]	**$27.8m** ARR[3,4] 15% growth vs. H1 FY21[2,3]	**104%** Net client retention[5,6] vs. 114% in H1 FY21	**0.6%** Client revenue churn[5,7] vs. <0.5% in H1 FY21
73% Gross Margin vs. 75% in H1 FY21	**(2%)** EBITDA[8] vs. 21% in H1 FY21	**$14.7m** Cash receipts[3] vs. $14.5m in H1 FY21[3]	**$18.7M** Cash balance[3] vs. $7.6m in H1 FY21[3]

1. Includes $0.2m of revenue associated with equity accounted joint venture
2. Presented on a proforma like-for-like basis, excluding Newmont revenue
3. As at 31 December 2021 or 31 December 2020, 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 in H1 FY22
7. Calculated as prior year recurring revenue that was lost during H1 FY22
8. Before IPO costs, share based payments, acquisition costs, impairment and other non-recurring costs

H1 FY22 Key Highlights

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Rebasing the business

- The impact of losing one of our major clients has worked against us from a leverage perspective, as lost revenue and gross margin have not been offset by a lower cost base
- A cost optimisation project has been implemented with $1m of cost savings identified to-date and scope to increase, noting that not all these savings are immediate. Key areas are:
  - Infrastructure hosting
  - Software optimisation
  - Client self-configuration
  - Office rationalisation
- To rebase the business and strengthen the balance sheet, we completed a $20m capital raising in December 2021
- We are investing heavily internationally with annual cash costs of ~$4m, which at present are not generating a return. The ANZ business on standalone basis was EBITDA positive and operating cash flow breakeven in H1 FY22.

Post-COVID client trends

- The COVID recovery is increasing demand and creating opportunities across the business, as clients are now making purchasing decisions
- Construction vertical growth continues to accelerate. User registrations are tracking to new highs in Q3
- Net client retention or customer stickiness (excluding Newmont) has returned to greater than 104%
- Client churn (excluding Newmont) has returned to <1%
- Numerous re-signed contracts or positive contract variations with Top 10 clients - each of these clients are growing on a PCP basis
- In the last 12 months we have won 93 new clients (excluding from acquisitions). While none are individually material, and the revenue is not recognized immediately, they are expected to generate $0.9m of annual revenue on a full run-rate basis.

Technology

- Strategic product enhancements are receiving positive client feedback:
  - Deeper integration between modules
  - Simpler onboarding and self-configuration
  - Safety, learning and forms/workflow modules working together seamlessly and penetrating deeper into clients' operations
  - A focus on deeper functionality, while simplifying usability
  - Data analytics - the new frontier
- The complete removal of legacy systems will lead to a lower cost base and the removal of associated maintenance overhead

Future catalysts

- Conversion of existing opportunities in North America
- Facilities management vertical is an emerging opportunity
- Continued product evolution focus to ride the wave of infrastructure projects in Australia
- Unlocking the synergistic opportunity of safety, learning and forms modules working together in an integrated fashion
- Continued partnership solutions, particularly those which lead to valuable technology integration opportunities
- Inherent leverage in the business, with increased revenue having an immediate and significant flow-through impact on EBITDA and cash flow
- Converting North America into a positive EBITDA and cash flow business. This provides a pathway for the Group to become free cash flow positive[1].

1. Free cash flow defined as Operating cash flow and Capitalised development costs

BUSINESS UPDATE

2

Damstra Group is a global provider of enterprise protection solutions

~20
countries[1]

~800
clients

~750k
licences[2]

■ Continents in which Group operates
● Group office locations
● Damstra headquarters

12
offices

~220
employees

~100
R&D staff

1. Countries where Damstra products are used
2. Estimated as at 31 December 2021, excludes TIKS acquisition

The Damstra story so far

Key Activities:
- Corporate event
- Product development
- Partnerships
- M&A

2002
- 2002 – Platform development begins
- 2003 – First login

2006

Core functionality added:
- Biometrics terminal
- Drug & alcohol testing
- Online bookings

Acquired by SKILLED

2014
- GPS tracking

2015
- Handheld mobile terminals biometrics

2016
- App-enabled access control

Damstra buyout from Skilled Group

2017

New offices opened:
- New Zealand
- Philippines
- United States

Relocated to AWS

Acquired SGS Stax (clients)

Acquired WMS (product)

2018

Entered the UK

- Facial recognition (pilot)
- Asset Management

Acquired Velpic (product)

Acquired eify (clients)

2019

ASX Listed 16 October 2019

Acquired SCENARIO Advantage (clients)

2020
- EPP
- Fever detection & facial recognition
- Mobile attendance
- Digital forms & workflows
- RFID tracking

- TechOne partnership
- US partnerships

ASX Added to the All-Technology Index

North America advisory board established

Acquired ape MOBILE (product)

Acquired Smart Asset Software (product)

Acquired VAULT (product)

2021

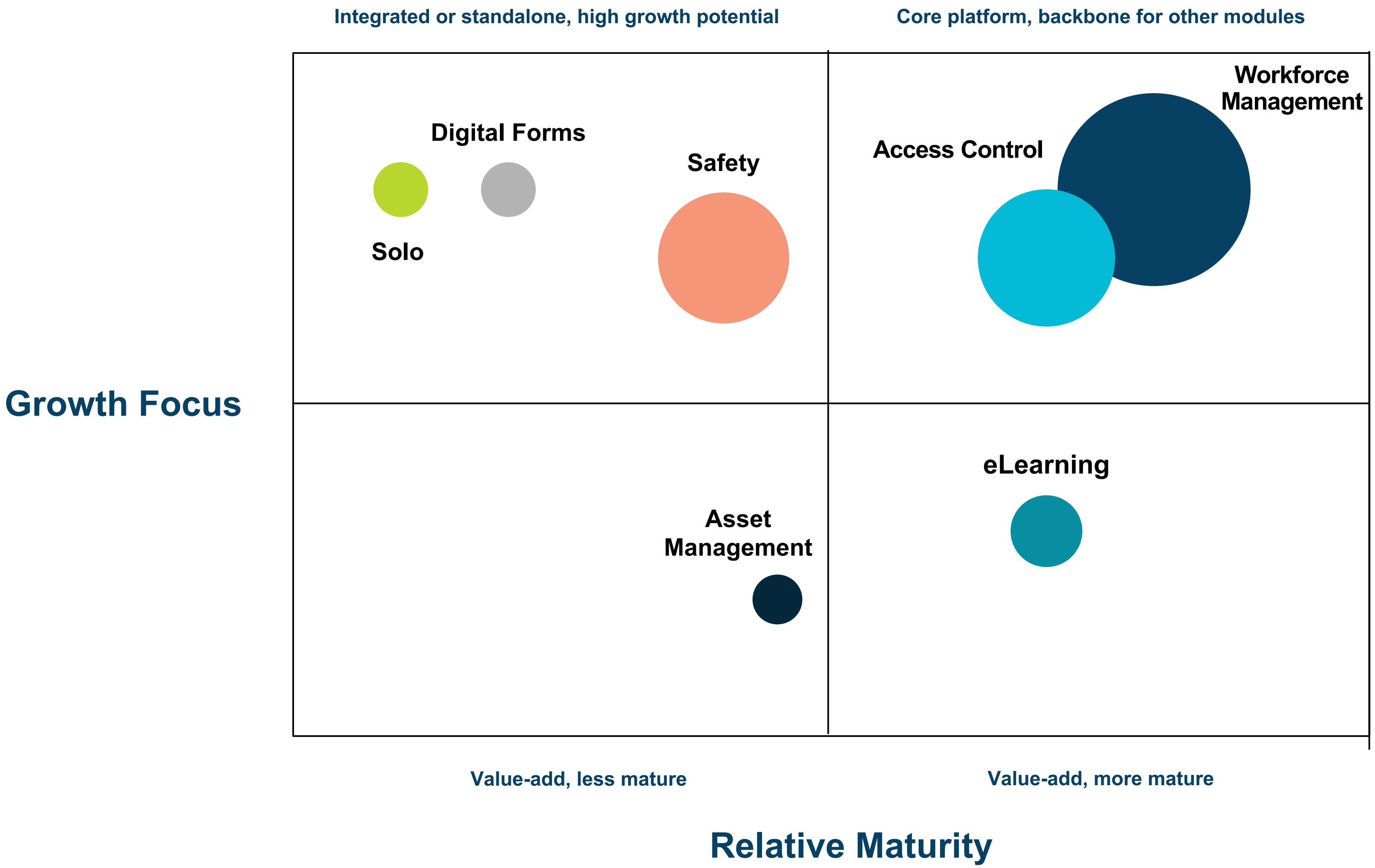
Acquired TIKS (clients)

New partnerships:
- AWS
- Oracle innovation Hub
- Procore

Revenue (as of 30 June): $8.2m | $10.6m | $15.3m | $19.6m | $27.4m

H1 FY22 revenue contribution by product module

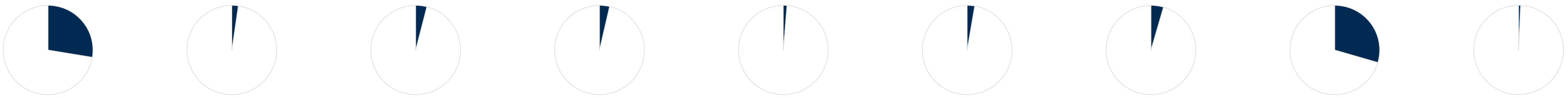
Multiple growth levers

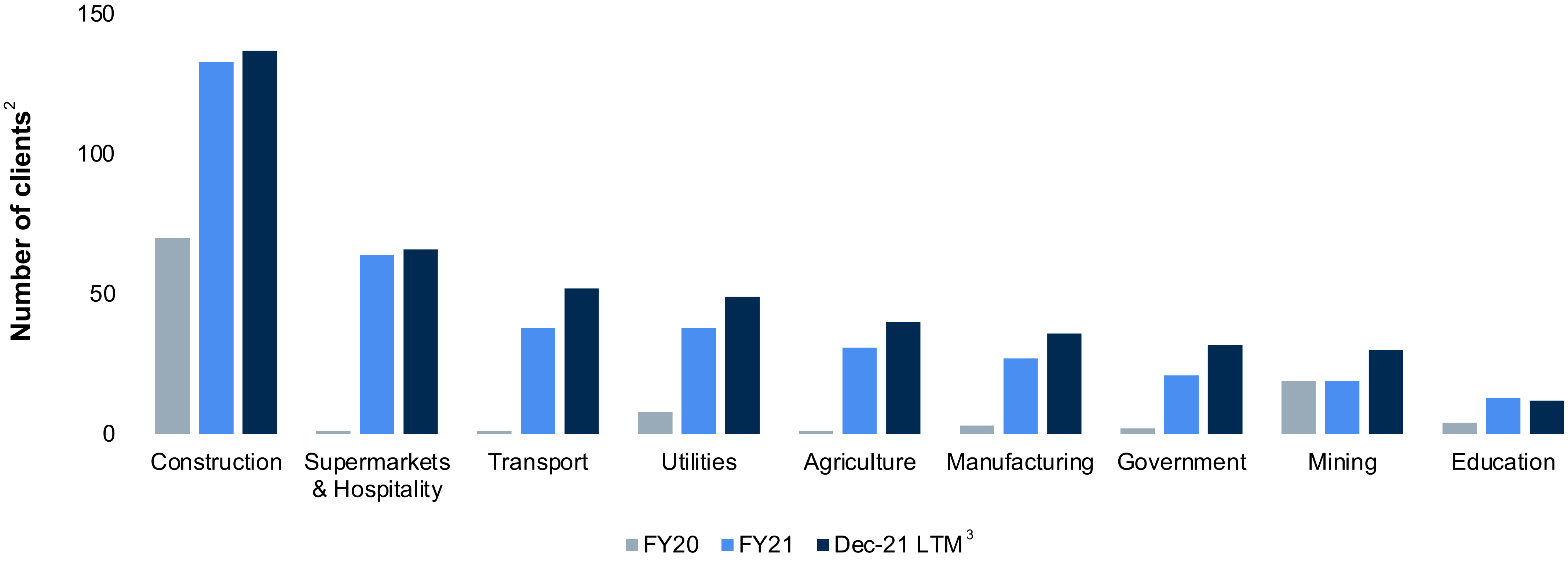


Client growth is coming from a diverse range of industries

Opens up new sources of revenue growth and reduces sector-specific macroeconomic risk

% of Revenue Contribution (Dec-21 LTM)[1]





1. Approximated with invoice data
2. Select, approximation, as at 30 June 2020, 30 June 2021 and 31 December 2021
3. Last Twelve Months ending 31 December 2021

Growth strategy

Core strategy is unchanged – status update at the half-year checkpoint

Geography	**North America** Continued scale up in resources and investment, significant pipeline of opportunities	**UK** No material update, commercial opportunities remain	**Users** Construction clients are accelerating across the portfolio, and mining uptick is also occurring. Large focus on COVID mitigation, which we have implemented
Verticals	**New verticals** Facilities Management opportunities exist globally and progress is being made. The sector is evolving, requiring seamless operations and increased staff compliance	**Smaller clients** Cross sell opportunities exist in forms, safety and learning modules. Our integrated offering is seen as a strategic differentiator	**Partners** Local and global partnerships continue to evolve, present relationships are strong and are generating revenue in multiple verticals
Product	**Workflows** Increased roll-out of paperless forms/workflows across major clients. Organisations everywhere are seeking to remove manual processes and reduce risk around non-compliance	**Data analytics** Evolving strategy and a new frontier. Clients are seeking predictive trends from historical Damstra data. Our differentiator is having deep individual competency/skills profiles combined with operational activity	**EPP** EPP proposition provides a strong focus on seamless and deep integration of all modules. Offering deeper functionality while increasing usability

PRODUCT & TECHNOLOGY UPDATE

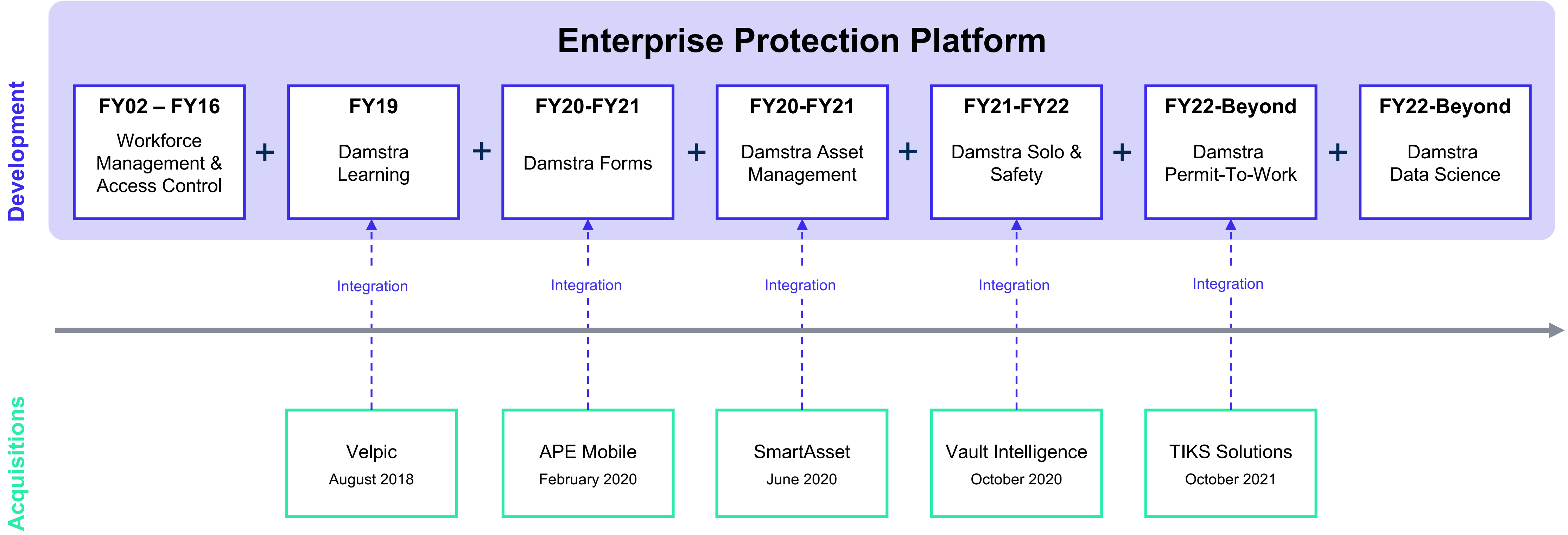
3

Clear product lexicon enhances our go-to-market

Investment Protection	Module	Name	Description
All investments	All – Platform	Enterprise Protection Platform	Designed to automate security, health and safety, training, and contractor management across all operations, while retaining and optimizing user's existing software investments
Prepared People	Workforce Management	Damstra Workforce Management	Contractor portal, worker & supplier registration, documentation verification, time & attendance, inductions
Prepared People	eLearning	Damstra Learning	360 virtual reality, training needs analysis, course development, inductions
Safe Places	Safety	Damstra Safety	Governance, risk, compliance, claims, mobility
Safe Places	Digital Forms & Workflows	Damstra Forms & Damstra Flows	Safety audits, incident & hazard management, SWMS & RAMS, pre-starts and toolbox talks. Digital forms, training according to title, creates workflows, part of EPP
Safe Places	Access Control	Damstra Access Control	Terminals, thermal cameras, alcohol & drug testing, badge reader & printing, turnstiles, gates & doors, visitor management, evacuation & muster
Safe Places	Solo	Damstra Solo	Wearables, crisis management, biometrics, fall detection, check-ins, alerts, duress & panic alarms, Solo mobile, beacons and geofencing
Connected Assets	Asset Management	Damstra Asset Management	Track assets, plant service/maintenance and equipment calibration schedules
Accessible Information	Predictive Safety Analytics	Damstra Predictive Analytics	Artificial intelligence solution that uses data analytics to drive the identification and visualisation of risks associated with people, workplaces, assets and information
Accessible Information	Insights	Damstra Insights (white labelled)	In-vehicle connectivity, reporting, BI

EPP has been built-up via our acquisition and development strategy

R&D innovation supported with strategic acquisitions to accelerate time to market



Case study: Digital transformation of Safe Workplaces

Damstra Forms integrated in Damstra Safety to digitize vehicle inspections and audits

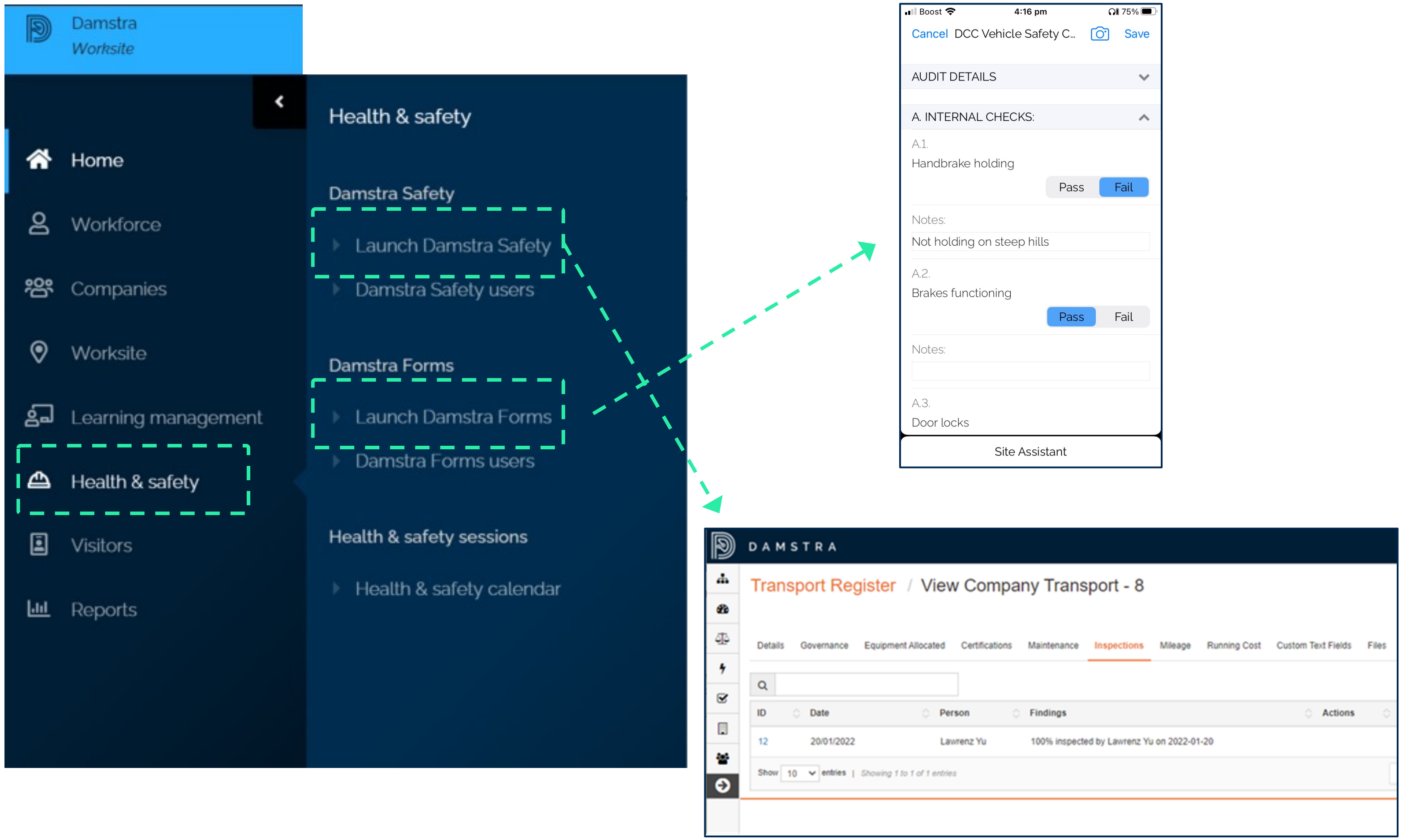
How it works

- Driver completes their inspection form in the Damstra Forms mobile app
- Damstra Forms pushes data to Damstra Safety
- Inspection & mileage data and the PDF form are added automatically into Damstra Safety

Key benefits for clients

- Integration between Forms & Safety
- Resulting in automation, time-saving and quality:
  - *Automation* – data flows directly, no need to manually copy and paste data between separate Check and Safety apps
  - *Time-saving* – Core customer estimates it will save them 15 hours per month in manual data entry
  - *Quality* - Less manual entry will also result in higher quality, more reliable data

EPP Hub



Case study: integration of Workforce Management with Solo

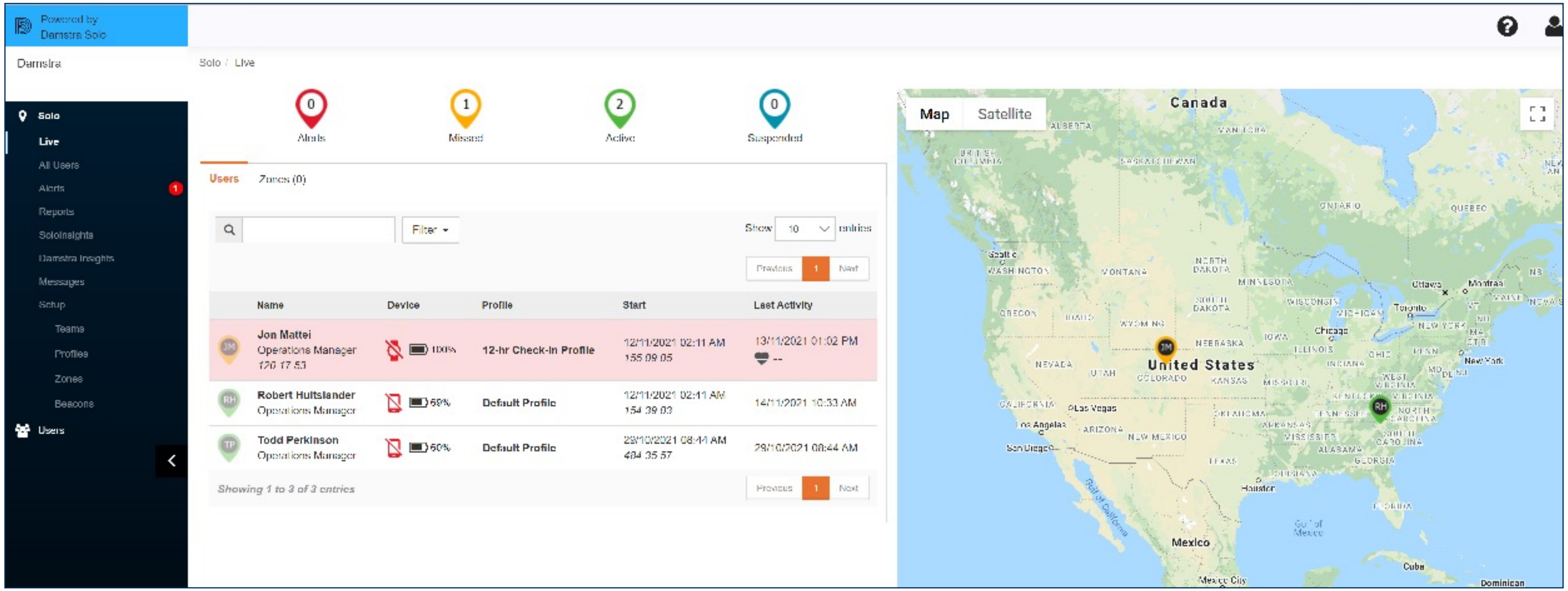
Integrated products are fostering a digital workplace

How it works

- Integrated product combines wearables, worker competencies and location technology to ensure only qualified workers can access dangerous areas and equipment
- Workers are monitored via a safety dashboard visualisation

Key benefits for clients

- Protects workers by ensuring that only qualified workers can enter high-risk areas
- These areas are mapped into geo-fenced zones
- Managers are alerted if a worker enters a specific zone without the required licence
  - An example being a worker entering a confined space zone without possessing a confined space licence



H1 FY22 FINANCIAL INFORMATION

4

Financial results summary for H1 FY22

Income statement ($m)	H1 FY20[1]	H1 FY21	H1 FY22
Total revenue	**10.1**	**12.1**	**13.2**
Gross profit	**7.1**	**9.1**	**9.7**
Research and development	(1.3)	(1.4)	(1.1)
Sales and marketing	(1.3)	(2.5)	(4.6)
General and administration	(1.9)	(2.6)	(4.2)
Pro forma EBITDA[3]	**2.6**	**2.5**	**(0.2)**

Key financial metrics	H1 FY20	H1 FY21	H1 FY22
Revenue growth vs. pcp (%)	*44.2%*	*19.4%*	*9.1%*
Gross margin (%)	*70.1%*	*75.1%*	*73.4%*
Total[4] R&D as a % of revenue	*(28.5%)*	*(32.9%)*	*(27.7%)*
Total[4] S&M as a % of revenue	*(26.8%)*	*(31.5%)*	*(36.4%)*
Total[4] G&A as a % of revenue	*(21.2%)*	*(24.7%)*	*(42.9%)*
Pro forma EBITDA[2] margin (%)	*25.2%*	*20.9%*	*(1.6%)*

1. Includes reallocation to align with FY22 allocations
2. Includes $0.2m of revenue associated with equity accounted joint venture
3. Before IPO costs, share based payments, acquisition costs, impairment and other non-recurring costs
4. Cost of sales plus operating expense; Does not include capitalised R&D expenses

H1 FY22 highlights

- H1 FY22 result impacted by loss of Newmont, continued impact of COVID on customer operations and cost base to support international growth strategy (~$2m in H1 FY22):
  - H1 FY22 revenue $13.2m up 9% vs previous corresponding period (PCP)
  - Excluding Newmont, H1 FY22 up 16% vs PCP
- ARR at Dec-21 of $27.8m, representing a 15% increase on PCP. While ARR has been negatively impacted by the loss of a major client, it is pleasing to demonstrate growth from the previous corresponding period
- Operating expenses increase due to increased developer costs, impact of acquisitions and ongoing investment in international expansion
  - Increase in developer salary costs due to market movements
  - 3 months of Vault expenses in H1 FY21, 3 months of TIKS in H1 FY22
- Cost reduction program underway; ~$1m of cost reductions identified
- Stronger Q2 performance versus Q1, following the rebasing of the business:
  - Q2 revenue of $7.2m[2], up 16% on Q1 revenue[2], reflecting increased client activity and new client wins
  - Q2 cost base lower than Q1 despite revenue growth, reflecting focus on right-sized cost-out initiatives to support the client base and reduce cash burn
  - Resulting in positive Q2 EBITDA of $0.4m versus $(0.6m) in Q1

Underlying business before US & UK growth investment is profitable

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Income statement ($m) Illustrative basis	H1 FY22 Group
Total revenue	**13.2**
Total operating expenses	(13.4)
Pro forma EBITDA	**(0.2)**
Add back: US & UK cost investment	2.0
Pro Forma EBITDA excluding US & UK cost investment	**1.8**

Cash flow statement ($m) Illustrative basis	H1 FY22 Group
Operating cash flow	**(2.1)**
Add back: US & UK cost investment	2.0
Operating cash flow excluding US & UK cost investment	**(0.1)**

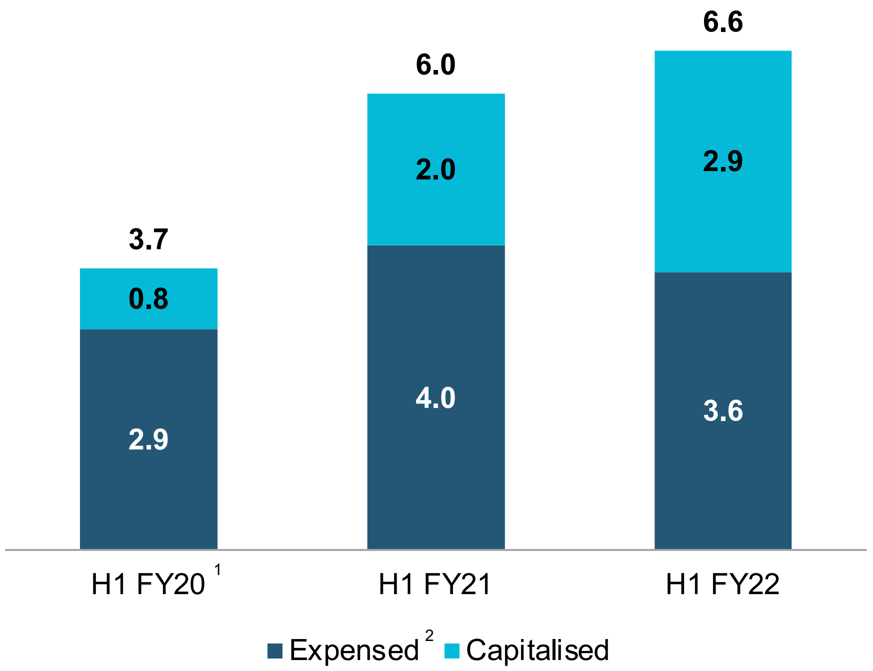
- The pro forma EBITDA loss of ($0.2m) in H1 FY22 includes costs associated with strategic investments that have been made to scale up and build out the US and UK businesses respectively:
    - $2.0m investment to capture significant sales opportunities in the current pipeline;
    - Investments are mainly attributable to sales capability and support resources;
- This planned investment is sufficiently funded by the December 2021 equity raise[1]
- Excluding these cost investments pro-forma EBITDA would be higher by ~$2.0m in H1 FY22 (or $4.0m p.a.), and operating cash flow breakeven.

1. Please see slide 31 of the Capital Raising Presentation dated 2 December 2021 for the Use of Funds

R&D to move to 35% - 40% as a % of Revenue

Total R&D spend ($m)

Pro Forma H1 FY20 – H1 FY22



% of Revenue **35.9%** **49.3%** **49.7%**

R&D $ costs to stabilise following a period of capital expenditure

- Investment in total R&D spend in H1 FY22 of $6.6m, reflecting commitment toward continuous innovation;
- H1 FY22 saw a 47% increase in the capitalised portion of total R&D spend, relative to H1 FY21 ($2.9m versus $2.0m). This reflects the increased focus on development to enhance cross-platform functionality and maintain product differentiation advantage;
- Total R&D spend as a % of revenue has remained consistent in H1 FY22 with H1 FY21. This reflects the continuing strategy to invest in new product leadership and deliver benefits to our clients, including executing on our differentiated EPP platform;
- 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 ~35-40% of revenue.
- Executing on our differentiated EPP vision via acquisition and development strategy

1. Includes pro forma reallocation within operating expense to align with FY20 cost allocation
2. Cost of sales plus operating expense

Cash position strengthened by equity raise and cost-out initiatives

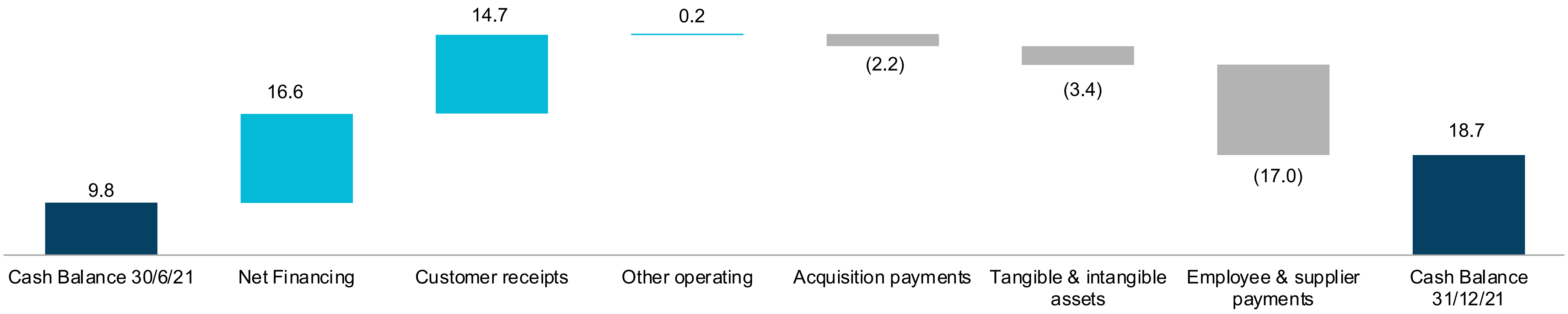
Operating cash flow

- Improvement in cash receipts in H1 FY22 at $14.7m vs $14.5m PCP
- Employee and supplier payments impacted by ongoing investment in international expansion (~$2m in H1 FY22)
- Australian operations are generating positive operating cash flow
- Q2 improvement versus Q1, as internal cost-out initiatives take hold:
    - Operating cash flow -$0.3m in Q2, versus -$1.7m in Q1
    - Operating cash outflow $7.6m in Q2, versus $9.4m in Q1

Net change in cash

- Cash position bolstered by equity raise of ~$20m before costs
- PFG debt facility drawn to $10.9m. Total facility available $15m following change in facility terms agreed in February 2022
- Liquidity position strengthened by $4.9m in trade and other receivables at 31 December 2021.
- Cash headroom is available to support the continued growth of the business. Ongoing cost-out initiatives are in progress to maximise future cash flows.

H1 FY22 statutory cash flow bridge



H1 FY22 pro forma to statutory income statement reconciliation

Income statement ($m)	H1 FY21	H1 FY22	
Pro forma EBITDA	**2.5**	**(0.2)**	
Impairment of goodwill and other assets	-	(41.3)	1
Share based payments	(2.4)	(0.7)	2
Acquisition costs and other	(1.3)	(0.5)	3
EBITDA	**(1.2)**	**(42.7)**	

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. Includes expenses associated with acquisitions made during the period

FY22 outlook

Revenue guidance of $30m - $34m reaffirmed

FY22 Guidance	Previous	Current
Revenue	$30m - $34m	No Change
EBITDA Margin	15 – 20%	2 – 5% (H2 FY22: 5 - 10%)

- Revenue guidance is reaffirmed
- EBITDA guidance is revised, due to H1 FY22 performance and the rebasing of the Business
- Both are based on the assumption that there is no material change in market conditions (such as the re-emergence of COVID restrictions)
- Assumptions underpinning Revenue guidance per the 2 December 2021 investor presentation remain unchanged

THANK YOU