

Damstra Technology

2023 Annual General Meeting

25 October 2023

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

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Agenda

1 Chair's Opening

2 CEO Update

3 Formal Business

Board of Directors

Damstra Technology Board



Johannes Risseuw
Executive Chairman, Melbourne, AU



Christian Damstra
Chief Executive Officer, Brisbane, AU



Simon Yencken
Non-Executive Director, Menlo Park, US



Sara La Mela
Non-Executive Director, Sydney, AU



Drew Fairchild
Non-Executive Director



Morgan Hurwitz
Non-Executive Director



CEO Update

FY23 Results Overview

FY23: A year of consolidation and recalibration

1 Achieved positive free cash flow...

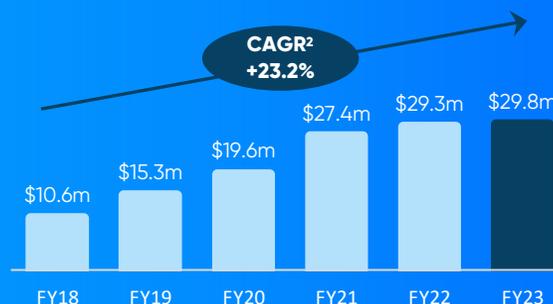
\$ 0.5m

Q4 FY23 Free Cash Flow¹
v negative (\$1.6m) pcp

\$ 7.1m

FY23 Operating Cash Flow
v negative (\$3.5m) pcp

2 ... driven by solid revenue growth...



Operating Revenue³

\$ 29.5m

+7.3% pcp

Annual Recurring Revenue (ARR)⁴
v \$27.5m as of December 2022

3 ... and margin expansion

77.5%

Gross Margin %
v 65.9% pcp

24.6%

EBITDA⁵ Margin %
v 1.7% pcp

1. Includes operating, investing and financing but excludes acquisition and drawdown or repayment of debt.
2. 5-year compound annual growth rate over FY18 to FY23.
3. Includes revenue associated with equity accounted joint venture.
4. Represents annualized recurring revenue as at 30 June 2023 which provides a 12-month forward view of revenue.
5. Represents earnings before share based payments, acquisition costs, impairment and other non-recurring costs.

FY2023 Key Financial and Operating Metrics

Operating Revenue

\$ 29.8m

+ 1.8% YoY

Gross Profit

\$ 23.1m

+ 19.7% YoY

Gross Margin

77.5%

+ 11.6pp YoY
(65.9% pcp)

Pro Forma EBITDA

\$ 7.2m

+ \$6.8m YoY

Product R&D Costs¹ as % of Revenue

38.6%

46.3% pcp

Free Cash Flow Q4 FY23

\$ 0.5m

(\$1.6m) pcp

Net Client Retention Q4 FY23

102%

108% pcp

Client Churn Q4 FY23

1.8%

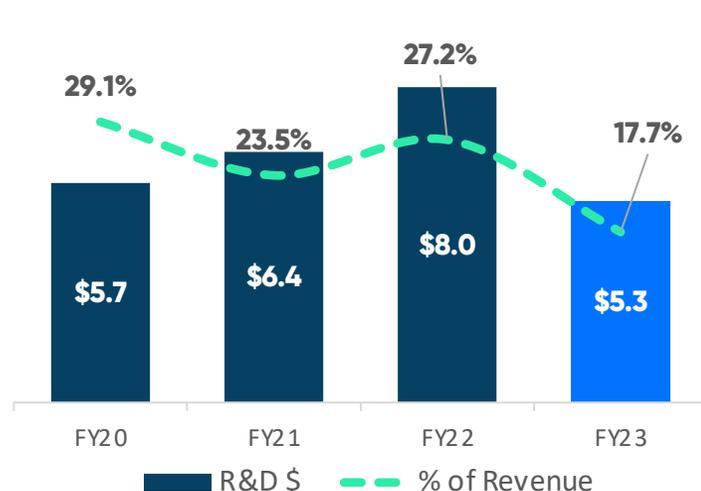
2.0% pcp

1. Product research & development (R&D) costs include costs expensed and capitalized.

Delivered cost optimisation to support future growth

FY23 total controllable cost base¹ reduced by 20.7%

Research & Development

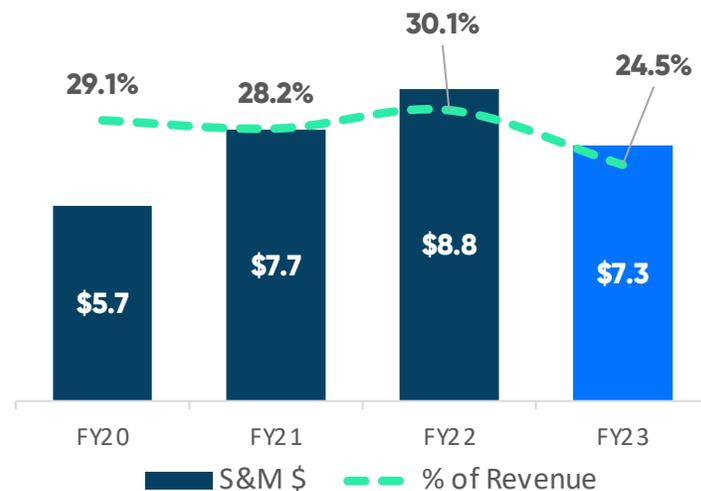


R&D expense¹

Down 9.5pp as a % of revenue in FY23 vs pcp, reflecting:

- Now past the investment peak to integrate and develop the EPP
- Investment to continue in "product" at a sustainable rate

Sales & Marketing

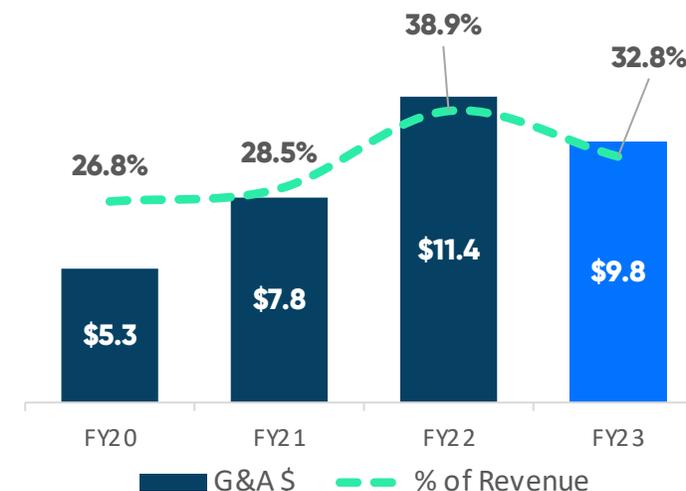


Sales & marketing expense

Down 5.6pp as a % of revenue in FY23 vs pcp, reflecting:

- FY22 peak from M&A integration
- FY23 now reflective of intended Sales and Marketing spend

General & Administration



General & administration expense

Down 6.1pp as a % of revenue in FY23 vs pcp, reflecting:

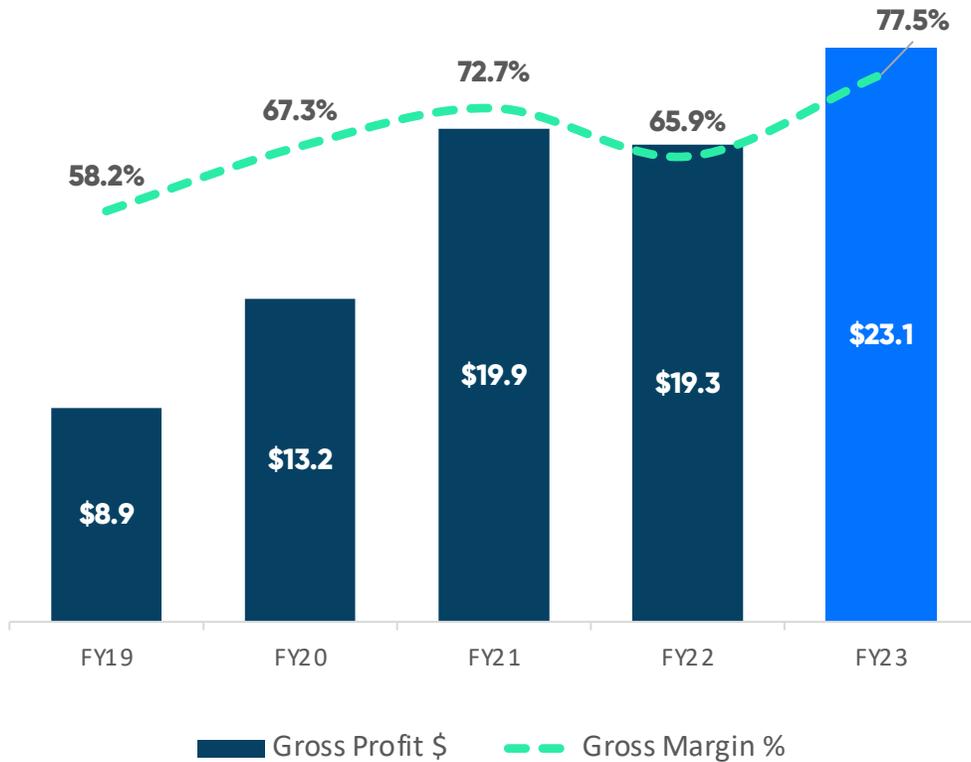
- Achievement of cost management program
- Low inflation pressure within the business model

1. Overall cost base includes cost of sales and operating expenses, excludes capitalized R&D costs, hardware & consumables cost of sales and debt servicing costs.

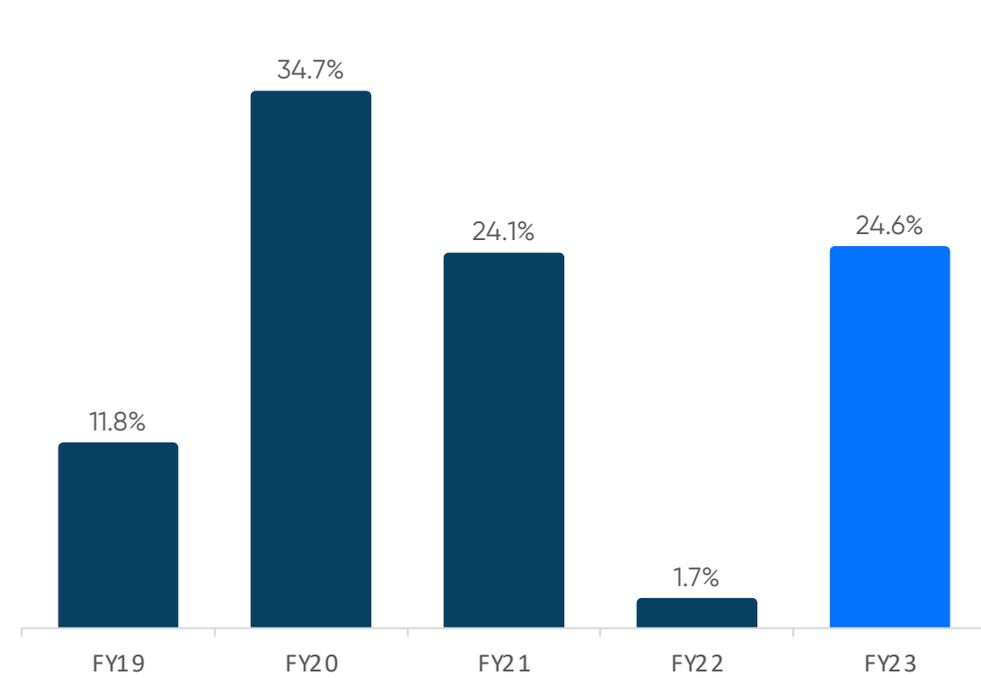
Improved operating leverage leading to margin expansion

Achieved gross profit 5-year CAGR of 25.6%

Gross profit growth accelerates...



... returned to strong EBITDA margin



FY23 Key Reflections



Business is now delivering sustainable positive cash flow

- Free cashflow \$0.5m in Q4 FY23
- H2 FY23 total controllable costs as a % of revenue was 86% - targeting low 80s
- FY23 every Quarter we achieved positive operating cash flow
- Debt refinanced until 2026



Strategic evolution of the EPP platform is well-progressed

- Pivoting to solution-driven capabilities. Solve customer and sub-contractors' problems to increase their productivity
- Retirement of legacy systems progressed and complete in FY24



Operating Leverage exists in the business

- Free cash flow margin in Q4 FY23 of 7%
- R&D 38% - targeting low 30's as % of revenue



North America now a platform for growth

- Revenue of \$2.4m, growth of 240%+
- Demonstrating capability to implement North American customers globally - North America, Africa and Caribbean



Q1 FY24 Update

FY24 Focus

1 Return the business to a growth platform

- Multiple levers for growth, from product and geographical expansion
- Strategic pivot where existing clients should generate 70% of growth in ANZ, we have ~950 clients
- Recent client wins & existing client contract upgrades. Key focus on implementation

2 Unrelenting focus on free cash flow

- We delivered \$9m in cost savings in FY23, we will deliver another \$3m in FY24
- We have a "crocodile profile" at present, with revenue increasing and costs falling. Goal is costs as % of revenue of 80%
- We have a strong focus on the Rule of 40 – revenue growth + positive free cash as % of revenue

3 Our core product – the EPP platform

- Solution selling, clients want deeper integration and product extension
- Retirement of legacy systems, and rationalisation of 3rd party software unlocks capability across the organisation

4 Long term tailwinds

- Mining and civil construction clients, focus on renewable projects and resources
- Workflows and solutions coupled with digitisation are a generational thematic
- Compliance is paramount, pivoting away from Safety to EHS and EGS

Q1 FY24 Key Financial and Operating Metrics

Operating Revenue

\$ 7.8m

+ 6% YoY

Gross Profit

\$ 6.1m

+ 10% YoY

Gross Margin

79%

+ 3pp YoY
(75% pcp)

Pro Forma EBITDA¹

\$ 2.5m

+ \$1.9m YoY

Total Costs² as % of Revenue

88%

109% pcp

Free Cash Flow³

(\$ 0m)

(\$1.8m) pcp

Net Client Retention

102%

104% pcp

Client Churn

1.9%

2.6% pcp

1. Pro forma EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') adjusted for non-cash share-based payments, acquisition costs, other non-recurring restructuring costs and impairment expenses.
2. Total costs include cost of sales, operating expenses and capitalised research and development costs.
3. Free cash flow is defined as cash flows from operating activities less cash flows used for investing and financing activities, excluding cash used for acquisitions, repayment of debt and non-recurring restructuring costs.

FY23 Financial Profile Outlook

Structural change in Damstra's cost base (costs as a % of revenue) to continue

Cost Ratio	FY23	H2 FY23	FY24 Expectation
Sales & Marketing	24.5%	19.6%	Flat: continued investment
Product R&D ¹	38.6%	37.7%	Down: retirement of legacy and more efficiency
General & Admin	32.8%	28.2%	Down: internal costs and process improvement
Total Cost¹	97.8%	87.5%	Short term target 80%

1. Includes cost of sales, operating expenses and capitalized Product R&D costs, but excludes debt servicing costs.

Returning to Growth: Client Update

Recent client success – now to implementation

Barrick Gold (USA)

New 3-year agreement for African mine sites.

New Hope Group (AUS)

New 3-year agreement.
Increased TCV

Coronado Curragh (AUS)

3-year contract extension, increase scoped and ARR

Foxleigh & Stanwell (AUS)

Contract renewed, increased ARR

Coronado Curragh (AUS)

3-year contract extension, increase scoped and ARR

Sub-contractors

Three sub-contractors converted to direct clients. Dormant opportunity

Glencore (AUS)

Contract extension, increased ARR

North East Link (VIC)

Two new clients, long term civil construction

Near Term - Pipeline

New International Mining client have won competitive process finalising contract

Australia construction company, preferred tenderer, in contractual negotiations and implementation planning

Global Facilities Management client, negotiating finalising Global MSA

Recent water utility success, in Sydney and Melbourne

Expansion with existing Health Care client



Thank You