



January 22nd, 2025

Datagate Investor Update

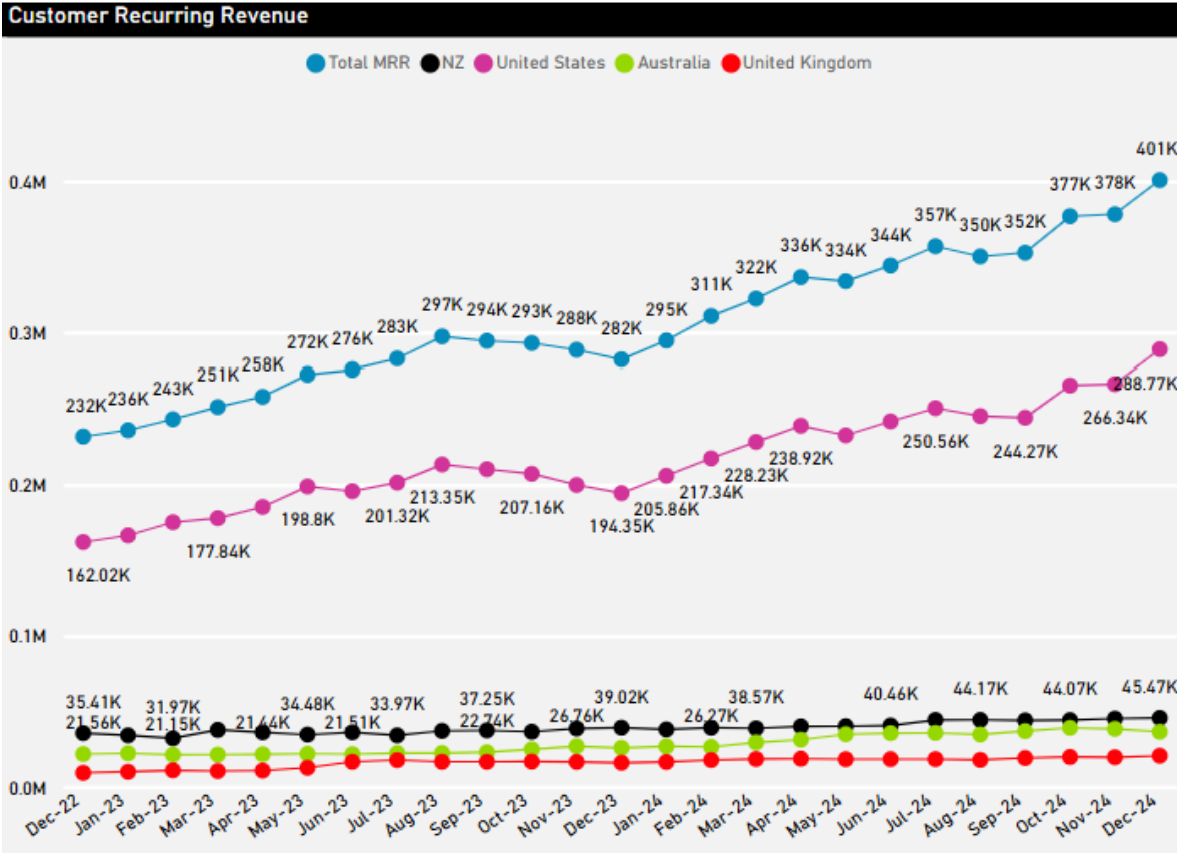
Dear Datagate Investors,

I'm pleased to provide you with this update on Datagate's performance, following on from our Rights Issue in June last year.

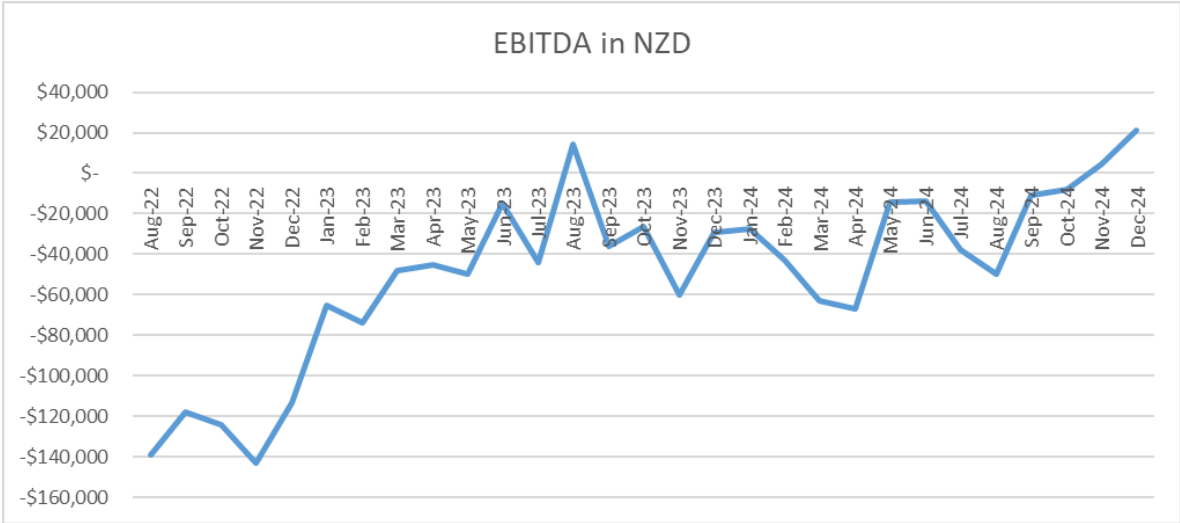
Market demand for Datagate's Telecom Billing Solution for MSPs remains strong, despite turbulence in the international economy. In fact, we are receiving more sales inquiries now for Datagate now than at any time before. The international Managed Service Provider (MSP) industry is growing by around 14% CAGR, and telecom-related revenue for MSPs is tracking at around the same rate.

Datagate's Annualized Recurring Revenue ARR was NZ \$4.8M at the end of December and has increased by 42% since the same time last year.

401K Total MRR	\$4.8M Total ARR	42% YoY Growth %
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The October to December quarter was our first profitable quarter, with positive EBITDA of \$17,534.



Datagate in America

The United States is Datagate’s largest and strongest market. Its contribution to Datagate’s revenue has been further boosted in 2024 by the strengthening US dollar. The majority of Datagate’s sales and marketing effort has been focused on the United States, although now we are now increasing our focus on the UK and Australia, as we see significant upside for Datagate in those secondary markets also.

Revenue Source	ARR USD	USD YoY Growth	ARR NZD	NZD YoY Growth
United States	\$1.9M	31%	\$3.5M	49%
*Other Countries	\$0.8M	13%	\$1.3M	27%
Totals	\$2.7M	26%	\$4.8M	42%

*Other countries include Australia, New Zealand, United Kingdom, Canada and some European countries.

Datagate’s value proposition is strongest in the United States, where taxation and compliance obligations for telecom billing are complex and Datagate offers a simple and easy solution. Taxation and compliance in other countries is much easier, where Datagate is justified only in terms of its pure billing functionality, and not its specialized tax handling.

Datagate in the United Kingdom

We have recognized a significant growth opportunity for Datagate in the UK. Over the last six months we have hired and trained implementation and support staff located in regions from where they can easily service the UK market. We are also engaging with British software implementation partner companies that can help us with Datagate implementation work.

Datagate's Unique Sales Focus

Unlike our competitors, our focus for Datagate is to be the world's best telecom billing solution for managed service providers (MSPs). To do that, we have focused on the specific needs of MSPs who sell telecom services, such as integrating Datagate with the accounting systems and PSA (Professional Service Automation) systems that they predominantly use. We have also focused on making Datagate as automatic as possible, to require negligible time and effort from billing staff.

Our competitors tend to take a wider market focus, where MSPs are just one of the types of clients they sell to. Their billing solutions are typically not so easily integrated with the software MSPs use. Some of them have tried to copy Datagate's strategy of integration, but are a long way behind us.

Datagate is now a well-known brand with a great reputation within the international MSP community. The vast majority of our clients are very happy with their Datagate systems and we have no shortage of those that will give us a reference or positive case study, [as seen here on our web site](#).

Growth Focus for 2025

We are increasing our efforts in recruiting new distribution partners to sell and support the Datagate product. With a bigger distribution channel, we will move to being more of a software product business that can scale faster, more efficiently.

American Import Tariffs

At this point in time, Datagate is a New Zealand owned software business, and we have not identified any suggestion yet implying that a business of our type will incur US import tariffs.

Thank you

Thank you for your ongoing support of Datagate. We are in a strong position now and I do not foresee the need to raise any more capital for the foreseeable future.

Thanks & Regards

A handwritten signature in black ink, appearing to read 'Mark Loveys', written in a cursive style.

Mark Loveys, CEO
Datagate Innovation Limited