# Damstra Technology

## H1 FY23 Results Presentation

24 February 2023

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

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# H1 FY23 RESULTS OVERVIEW

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# Damstra Group is a global provider of enterprise protection solutions

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## “ Enterprise Protection Platform (EPP)”

Damstra’s mission is focused on worker safety, risk management, and organisational compliance — ensuring that your workers go home in the same condition as when they arrived.

We are driven by keeping workers safe, workplaces compliant, assets and information protected, and risks mitigated.

The foundation of this is Damstra’s Enterprise Protection Platform (EPP) that links together all your existing technologies related to vendor management, security, training, and safety. With the EPP, you connect and protect your most valuable resources —people, places, assets, and information —as well as preserve your corporate reputation.

# Key financial and operating metrics in H1 FY23

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**Revenue** [1]
**$14.9m**
+18% [2]

**EBITDA** [3]
**$2m**
pcp negative $0.2m

**Gross Margin**
**78.3%**
+4.9%

**Cash Receipts**
**$17.3m**
+17.3%

**Operating Cashflow**
**$2.1m**
pcp negative $2.1m

**39.5%** [4]
**R&D**
pcp 49.2%

**$11.6m**
**Gross Profit**
+19.4%

**103%** [2]
**Net Client Retention**
pcp 104%

**2.5%** [2]
**Client Churn**
pcp 0.6%

**$27.6m**
**ARR**
consistent pcp

1. Includes revenue associated with equity accounted joint venture
2. Excludes Newmont
3. Before, share based payments, acquisition costs, impairment and other non-recurring costs
4. Includes capitalised R&D

# Half Year Highlights

## Improved Revenue Quality

- Record half year revenue of $15m
- Revenue up 18%[1] v pcp
- Long term growth (5-year CAGR) of 26%.  H1 FY18 revenue $4.7M
- North American Revenue for H1 FY23 >$1m
- International revenue in H1 21%
- Successful Stage 1 implementation of Barrick Gold Global rollout. USA, Republic of Congo, and Dominican Republic

## Improving Business Metrics

- Gross Margin of 78.3%, margin improvement of 4.9% (490bbs) v pcp
- EBITDA $2m, 13.8% vs H1 FY22 EBITDA loss of $0.2m
- R&D (including capitalised R&D) has reduced to 39.5% of revenue vs pcp of 49.2%
- Client churn continues at low levels 2.3% (Q2 FY23)
- Net client retention continues to be positive 103% (Q2 FY23)

## Improving Cash metrics

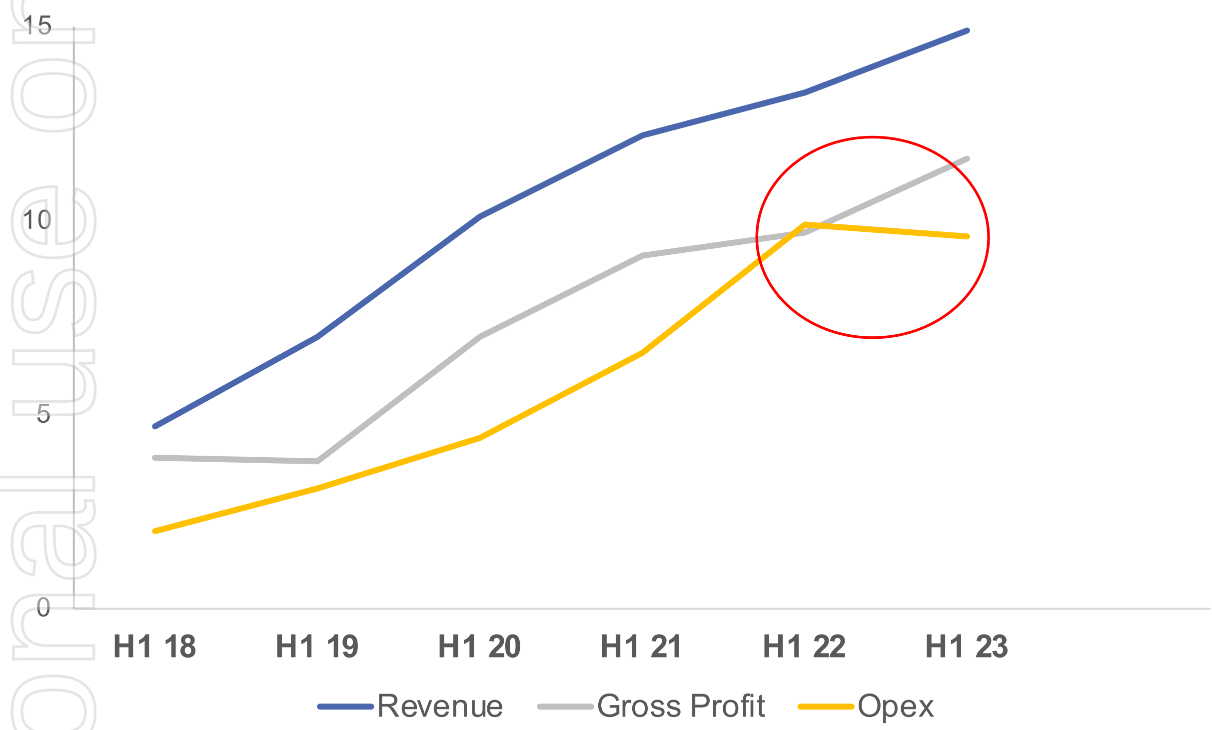
- Cost savings target of $8.2m achieved vs target of $8m
- Cost savings now running at ~$0.7m on monthly basis, run rate achieved in December
- Three consecutive quarters of positive operating cash flow, vs FY22 average quarter of negative ($0.9m)
- Cash outflow material reduction Q2 FY23 ($1.2m), vs FY22 average outflow of ($3.4m)

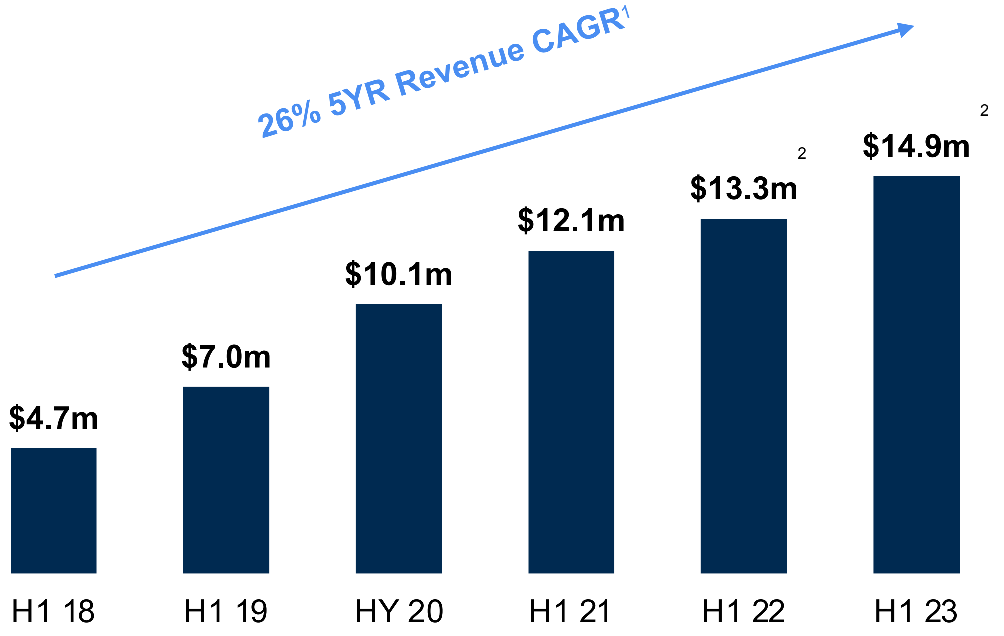
1. Excludes Newmont

# Inflection Point in Business Performance evident

- H1 FY23 positive inflection for the business, reducing opex below Gross Profit with revenue increasing
- Long term revenue growth CAGR of 26%

**H1 FY23 Revenue, Margin Growth with Opex reduction ($m)**




1. Compound Annual Growth Rate
2. Includes revenue associated with equity accounted joint venture

# Inflection Point of Business – long term implications

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## GROWTH

- North American with revenue >$1m for H1 FY23, now has scale to accelerate growth
- North American clients demonstrate we have a globally competitive product
- Our two largest verticals of civil construction and mining, resilient in the present economic environment
- Civil construction a long term growth engine in Australia

## LEVERAGE

- Business can grow gross margin while reducing costs
- Leverage has been shown at EBITDA level and also Gross Margin level
- Margins can continue to expand with increased revenue
- Operating cash now structurally positive
- Pathway to free cash flow generation clear

## COSTS

- Have delivered a step change in the cost base
- Have been able to continue to grow the business while reducing the cost base
- Past acquisition and one off costs now behind us
- Further costs savings identified, non people related yet to be quantified

## CLIENT BASE

- EPP development strategically focussed on the existing client base to increase net client retention and reduce churn
- Multiple opportunities exist in the present client base to increase cross sell of modules to increase ARPU (client)
- Forms, safety, and workflows integrated into workforce management solves clients compliance risk and this market continues to grow

## R&D

- R&D material positive step change as % of revenue
- EPP is maturing as a product
- Integration of legacy systems from past acquisition has enabled cost reduction
- Present/future development is focussed on deeper module integration and logical product extension
- Retirement of another 2 legacy products will enable further savings

## BUSINESS PROFILE

- Products used in ~25 countries, 15 different languages
- Top 50 clients average monthly H1 revenue of $37k, key metrics for the business going forward
- Multiple clients deploying solutions globally,  demonstrating organisational capability

# H1 FY23 FINANCIAL UPDATE

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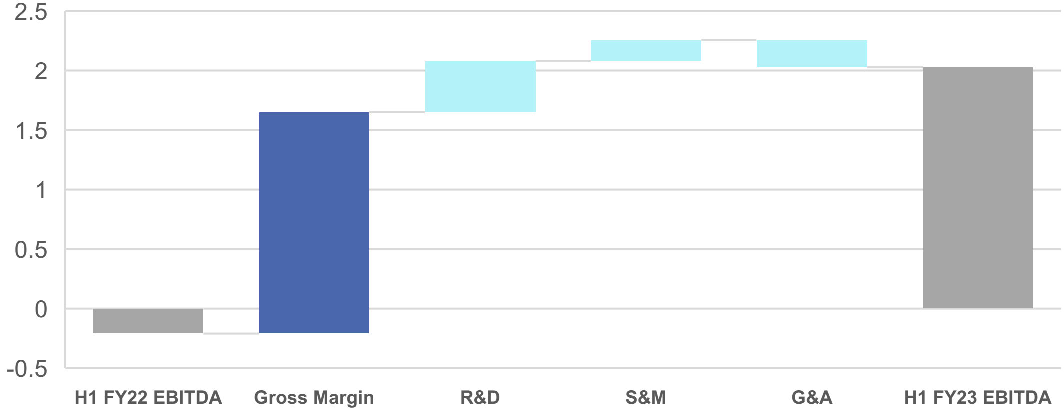
# Financial results summary for H1 FY22

## H1 FY23 EBITDA $2.2m improvement vs pcp

| Income statement ($m) | H1 FY21 | H1 FY22 | H1 FY23 |
|---|---|---|---|
| **Total revenue[1]** | **12.1** | **13.3** | **14.9** |
| *Other income* | 1.2 | 0.6 | 0.2 |
| Research and development | (4.0) | (3.6) | (2.7) |
| Sales and marketing | (3.8) | (4.8) | (4.7) |
| General and administration | (3.0) | (5.7) | (5.6) |
| **Pro forma EBITDA[2]** | **2.5** | **(0.2)** | **2.0** |
| **Pro forma EBITDA%** | 20.7% | -1.3% | 13.4% |
| **Gross Margin %** | 74% | 73% | 78% |
| Capitalised R&D | (1.9) | (2.9) | (3.2) |
| **EBITDA - Capitalised R&D** | **0.6** | **(3.1)** | **(1.2)** |

**$2.2m improvement in H1 FY22 EBITDA**




1. Includes revenue associated with equity accounted joint venture
2. Before share based payments, acquisition costs, impairment and other non-recurring costs
3. Excludes Newmont

### H1 FY23 highlights

- EBITDA improvement of $2.2m, compared to loss vs pcp
- EBITDA margin of 13.4%
- Gross margin $ improvement of $1.9m, while all areas of costs have reduced, demonstrating costs savings but also leverage the business has
- Gross margin improvement to 78.3% (490bbs)
- Expense categories improvement delivered via delivered $8.2m annualised cost savings
- R&D as % of revenue has reduced materially as % of revenue and lower gross $ spend on pcp basis
- EBITDA % improvement returning to historical levels on improved financial performance

# Cost as % revenue - reducing across all areas

| Key financial metrics | H1 FY21 | H1 FY22 | H1 FY23 |
|---|---|---|---|
| Revenue ($m) | 12.1 | 13.2 | 14.9 |
| Total[1] R&D as a % of revenue | 32.9% | 27.7% | 18.2% |
| Total S&M as a % of revenue | 31.5% | 36.4% | 31.6% |
| Total G&A as a % of revenue | 24.7% | 42.9% | 37.8% |
| Total | 89.1% | 107% | 87.6% |

## Cost as % of revenue

- Improvement in EBITDA margin on a pcp basis by 19.4% (1904bbs)
- Cost as % of revenue decreasing across all areas
- Demonstrates operational leverage of Damstra business model with increased revenue
- Reductions driven by revenue increase, but material impact has been reduction in overall costs delivered by cost reduction project
- It is anticipated that costs as % of revenue will continue to decrease due to cost savings hitting monthly run rate of $0.7m in December
- Key metric demonstrating pathway to positive free cash flow

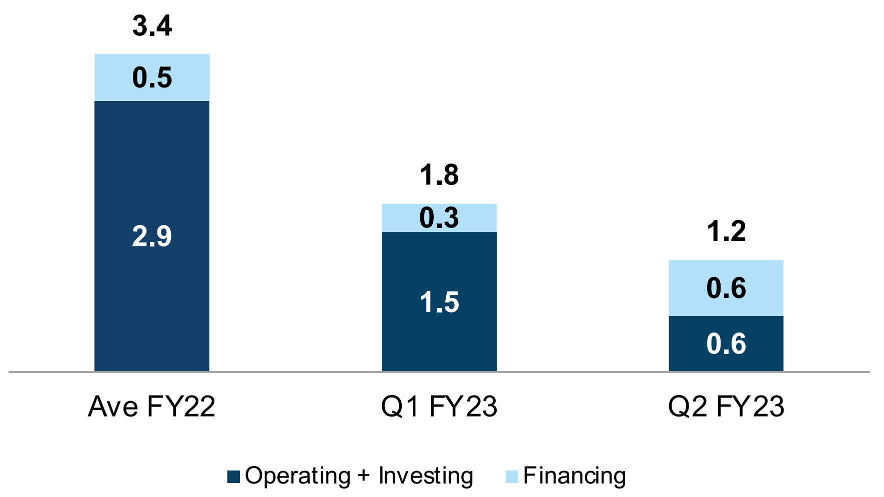
1. Does not include capitalised R&D expenses

# Financial results summary for H1 FY23

## H1 FY23 free cash outflow 55% improvement on H1FY22

| $m | H1 FY22 | H1 FY23 | Inc/(Dec) | % |
|---|---|---|---|---|
| Revenue[1] | 12.7 | 14.9 | 2.2 | 18% |
| Operating Cashflow | (2.1) | 2.1 | 4.2 | nm |
| Free Cashflow[2] | (6.7) | (3.0) | 3.7 | nm |

**FY23 Cash Outflow before acquisitions & funding by Quarter ($m)**



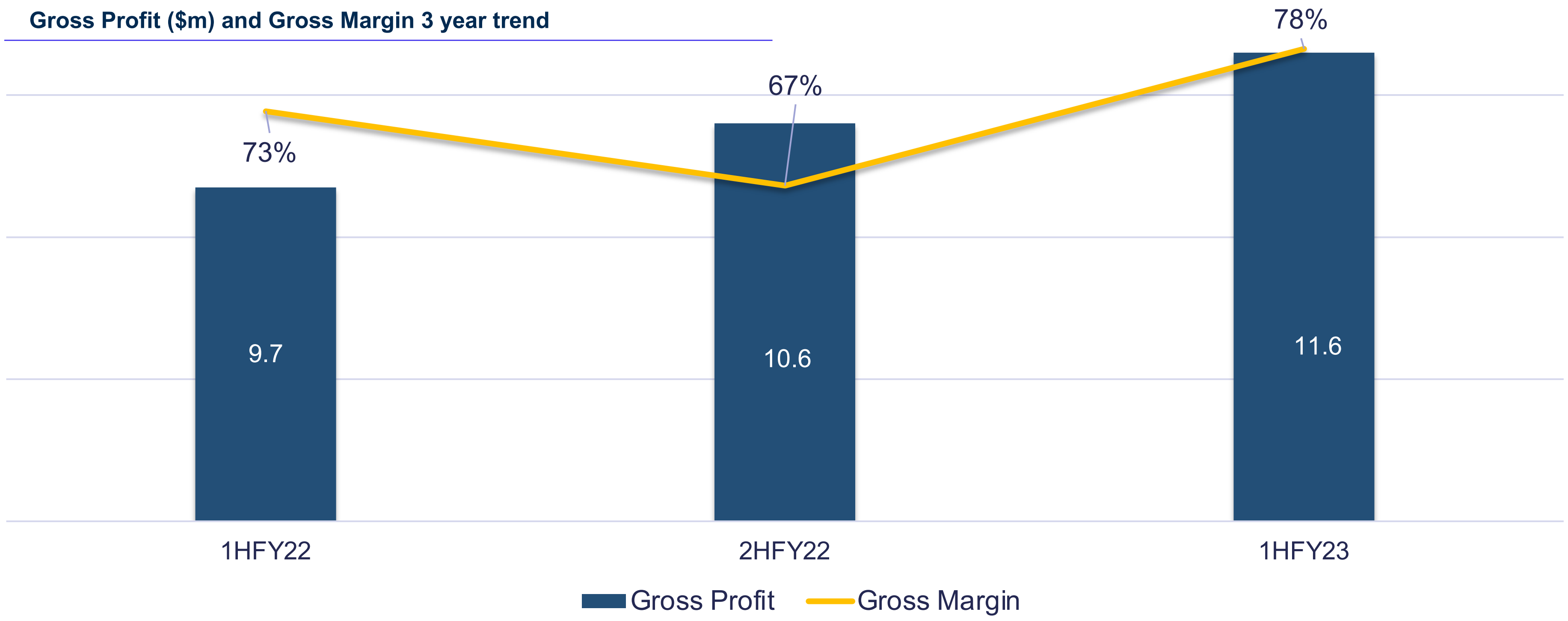

### H1 FY23 Cashflow highlights

- Operating cash inflow $2.1m vs ($2.1m) cash outflow in H1 FY22.  $4.2m improvement
- Free cash outflow ($3.0m) vs ($6.7m) in 1H FY22. $3.7m improvement
- Q2 FY23 Operating and investing cash outflow reduced by 33% compared to Q1FY23 and 65% compared to the average of FY22
- Underlying improvement in the Half, Q1 FY23 Free cash outflow of ($1.8m) reduced to ($1.2m) in Q2 FY23

1. Includes revenue associated with equity accounted joint venture
2. Free cashflow includes operating, investing, and financing activities but excludes acquisitions, drawdown/repayment of debt, other funding transactions and one-off restructuring costs

# Gross Profit and margin profile – structural improvement

- Achieving both Gross Profit and Gross Margin growth
- Gross margin of 78% in H1 FY23, exceeding historical levels
- Delivered cost saving initiatives are underpinning sustained margins at current levels



# R&D to reduce as a % of revenue – downward trends continue

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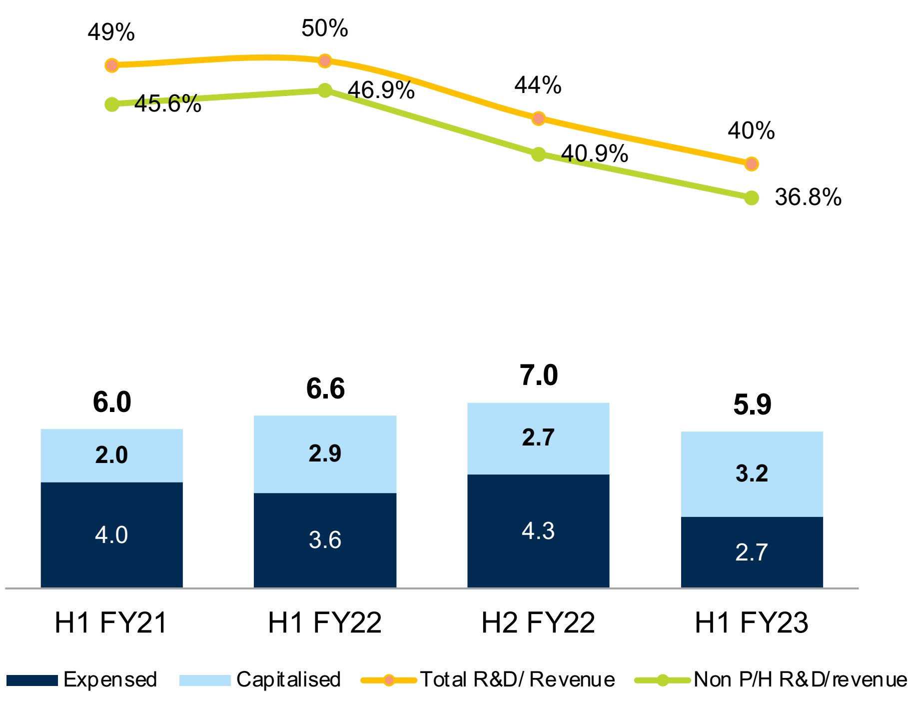
Total and non overhead R&D as a % of Revenue ($m)




## R&D to reduce as a % of revenue

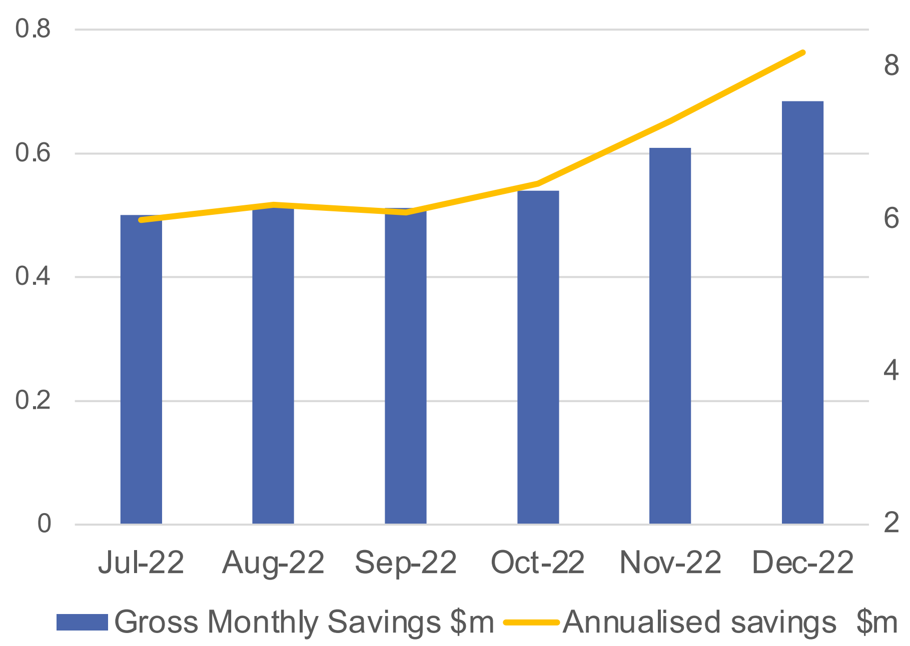
- R&D costs material step change as % of revenue from a peak in H1 FY22 of 50% to 39.5% in H1 FY23
- Lowest R&D spend in four halves
- Drivers, are cost savings initiatives and deeper integration of past acquisition
- R&D spend is expected to continue to decrease, due to increasing revenue, retirement of legacy systems and benefit of cost savings fully run-rated from December onwards
- R&D as % of sales if overheads were excluded would have been ~37%

# $8.2m annualised cost saving delivered at Dec-22

## Cost saving impact in Dec-22 monthly financials were ~$0.7m, total annual saving will now be reoccurring

**Cost savings (Gross Monthly & annualised run-rate) ($m)**

**Pro Forma Jun-22 – Dec-22**




### Cost savings

- Total cost savings target $8m pa
- Target exceed with $8.2m of savings now delivered
- Ongoing monthly cost savings of $0.7m now reoccurring
- Impact of savings profile can be best illustrated in June FY22 savings of ~$0.3m were achieved and in December hit ~$0.7m
- Cost savings profile:
    - $5.2m in staff costs savings - largest savings being % of R&D spend, followed by executive, and then administration
    - $3m on other savings across a variety of areas - including infrastructure optimisation, hosting costs, software optimisation, and office rationalisation
- Scope of further savings for H2 FY23
- Staff culture and impact - quarterly staff NPS scores have remained positive

# FY22 pro forma to statutory income statement reconciliation

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| Income Statement ($m) | H1 FY22 | H1 FY23 |
|---|---|---|
| **Pro forma EBITDA** | **(0.2)** | **2.0** |
| Impairment of goodwill and other assets | (41.3) | - |
| Share based payments | (0.7) | (1.1) |
| Acquisition costs and other | (0.5) | (0.1) |
| **EBITDA** | **(42.7)** | **829** |
| | | |
| **NPATA** | **(51.9)** | **(3.9)** |
| Acquired Amortisation | (4.1) | (4.4) |
| **NPAT** | **(56.0)** | **(8.3)** |

1. Non-cash expense related to allocation of share-based payments to employees
2. Residual non reoccurring restructuring costs incurred to achieve cost savings
3. Acquired Amortisation resulting from purchase price accounting from past M&A transactions

# BUSINESS UPDATE

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# Damstra Group is a global provider of enterprise protection solutions

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

**Achieved year-on-year growth…**

**25**
countries[1]
(FY21: ~**20**)

**$80.4k**
Top 20 Customers H1 FY 22 Monthly ARPU
(Dec-21: $**60.4k**)

**$37.1k**
Top 50 Customers H1 FY 22 Monthly ARPU
(Dec-21: $**28.3.4k**)


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

**…with greater efficiency and reach.**

**9**
offices
(Dec -21: ~**12**)

**~180**
Employees
(Dec-21: ~**220**)

**15**
languages
(FY21: **1**)

1. Countries where Damstra products are presently used

# Strategy for FY23 – H1 progress update

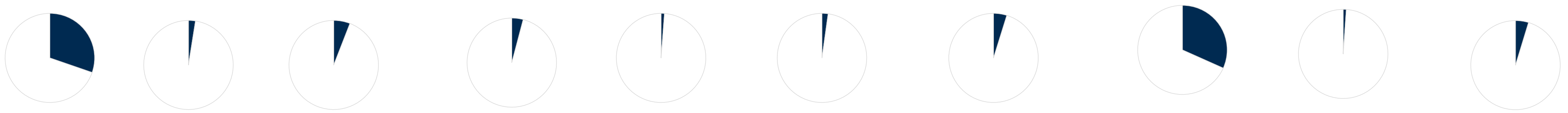
## Core strategy for FY23 focuses on these twelve areas

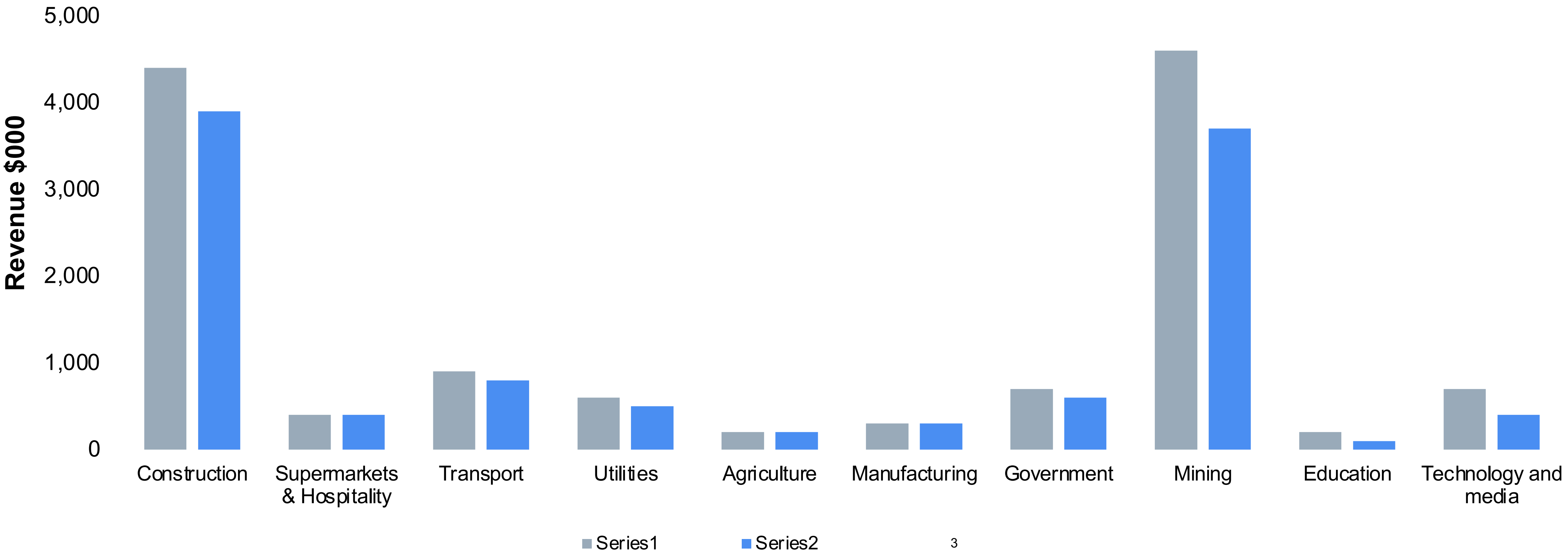
| | | | |
|---|---|---|---|
| **Geography** | **North America** – Moving to stage 2 rollout with Barrick, in addition to expanding with other North America clients | **Asia** – New client opportunities exist, yet to be converted | **Users** – Pipeline of projects to be implemented in H2 FY23 in construction vertical is materially stronger than H1 FY23 |
| **Verticals** | **New verticals** – CBRE rolling out progressing well, and looking to expand to full global relationship in H2 FY23 | **Mid Market** – Cross-sell opportunities in Forms, Safety and Learning modules major focus of H2 | **Partners** – Local and global partnerships continue to evolve |
| **Product** | **New Products** – New Company portal to be launched in H2, reduce costs and enable new client opportunities | **Unlocking value** – Key focus on retiring two legacy platforms, which will enable further R&D cost reduction and enabling clients to be cross sold more easily | **EPP** – EPP continuing to evolve with North American clients, all changes available to all clients |
| **Financial** | **Free Cash Flow** – Q2 cash outflow of $1.2m, vs FY22 average of $3.4m | **Cost optimisation** – Target of $8m achieved Dec-22, with run rate of $8.2m. Further cost savings identified | **Operating Leverage** – EBITDA positive and cashflow expanding with increased revenue and achievement of cost savings |

# Revenue growth is coming from a diverse range of industries

## Civil construction and Mining core verticals and both are presently resilient in present economic climate

**% of Revenue Contribution (H1 FY23)**





# Construction Trading Environment

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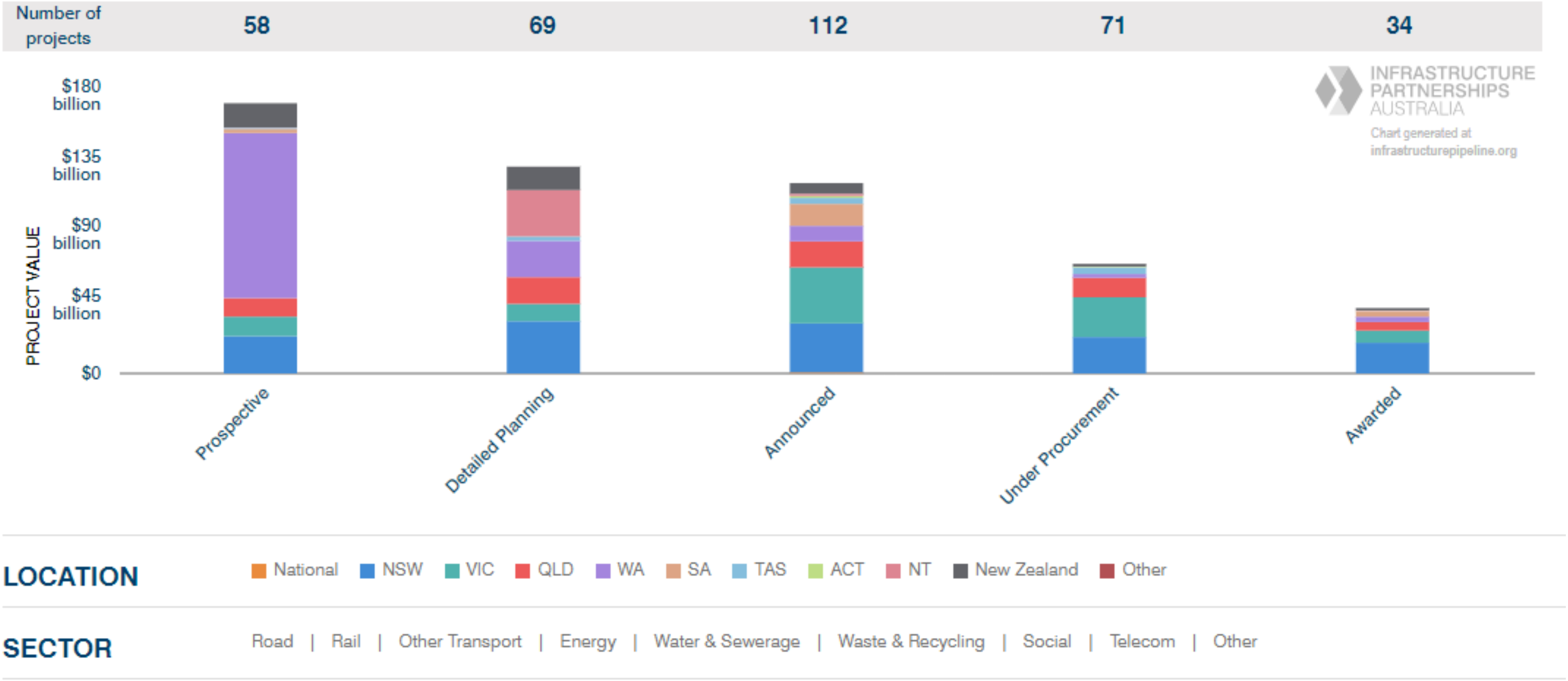
## Overview of construction opportunities that underpins one of Damstra's largest client verticals




Source: Infrastructure Pipeline Organisation

# PRODUCT UPDATE

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# Damstra Enterprise Protection Platform (EPP)

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## Barrick solution only uses part of Damstra overall solutions, which shows how our modules individually and together

| Workforce Management | Contractor Management | Access Control | Asset Management | Learning Management | Health & Safety |
|---|---|---|---|---|---|
| **Description** | **Description** | **Description** | **Description** | **Description** | **Description** |
| Ensures that workers are approved to be on site and compliant | Integrated Portals enabling contractors to upload & manage their own info | Range of solutions with integrated verification providing live data | Managing and tracking assets for an entire lifecycle so they are available when they are needed | Ensuring workers inducted, work-ready upon site arrival and trained on an ongoing basis to maintain and develop skills / competencies | Remotely managing health, safety and environmental risks on and off site |
| **Modules** | **Modules** | **Modules** | **Modules** | **Modules** | **Modules** |
| Prequalification of workers | Prequalification supplier companies | Verification via swipe card, biometric | Acquisition and history profile | Skills matrix and gap analysis tools | Incident and hazard management |
| Inductions | Prequalification of contractor workers | Facial recognition | Asset register | Training needs analysis | Risk assessment management |
| Management of skills, licenses, competencies | Verification of skills, licenses, competencies | Temperature screening | Services and maintenance schedule | Accessible on any device | Safe work method |
| Timekeeping & payroll integration | Timekeeping & payroll integration | Visitor management | Equipment login and logout functions | Notifications of expiring competencies | ESG Management & Reporting |
| Fatigue management | Fatigue management | Evacuation and muster | RFID solution | Full control of content | Mobile inspections and audits |
| Skills matrix & training needs analysis | Skills matrix & training needs analysis | Alcohol and drug testing | | Training Calendar | Digital forms and flows |
| Deep integration with digital forms | Deep integration with digital forms | Compliance verification | | Deep integration with Workforce & Forms | Lone Worker / Safe Driver |
| | | Turnstiles, gates and doors | | | |

NEW: Learning Paths

Implemented

Expansion Opportunity

Foundation with Integration, Analytics and Reporting

NEW Module

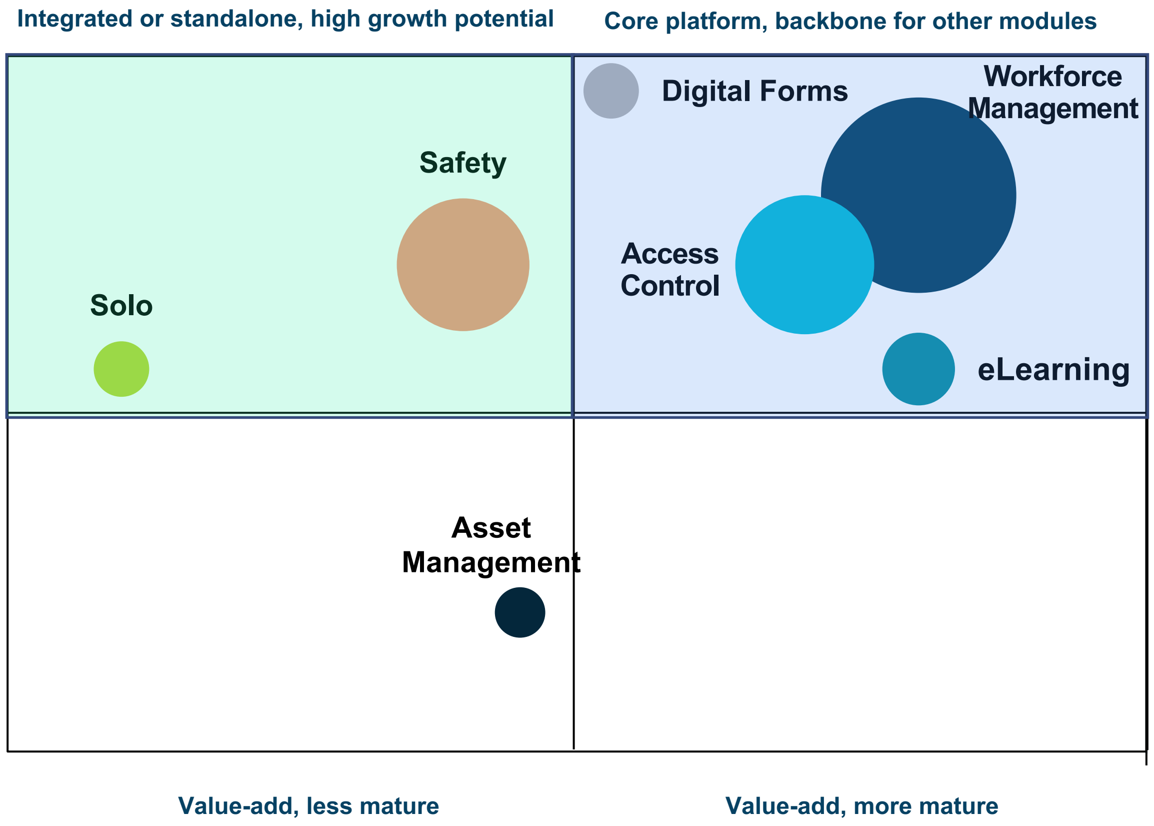
# New go-to-market strategy to drive FY23 revenue growth

## Core strategy focusing on specific product extension and bundles

**Product Extensions**

Driven by client demand and focus on industry compliance. EPP is enabling this outcome

- **SWMS (safe work methods)**
- **Permit to work**
- **Plant/assets**
- **Supplier prequalification**




**EPP workflow bundles**

Client demand for bundles "of integrated modules" is a core strategy for Damstra

**Safe Places:** WFM + Learning + Forms + Safety

**Prepared People:** WFM + Learning + Forms

# We are positioning ourselves as a leading integrated solution

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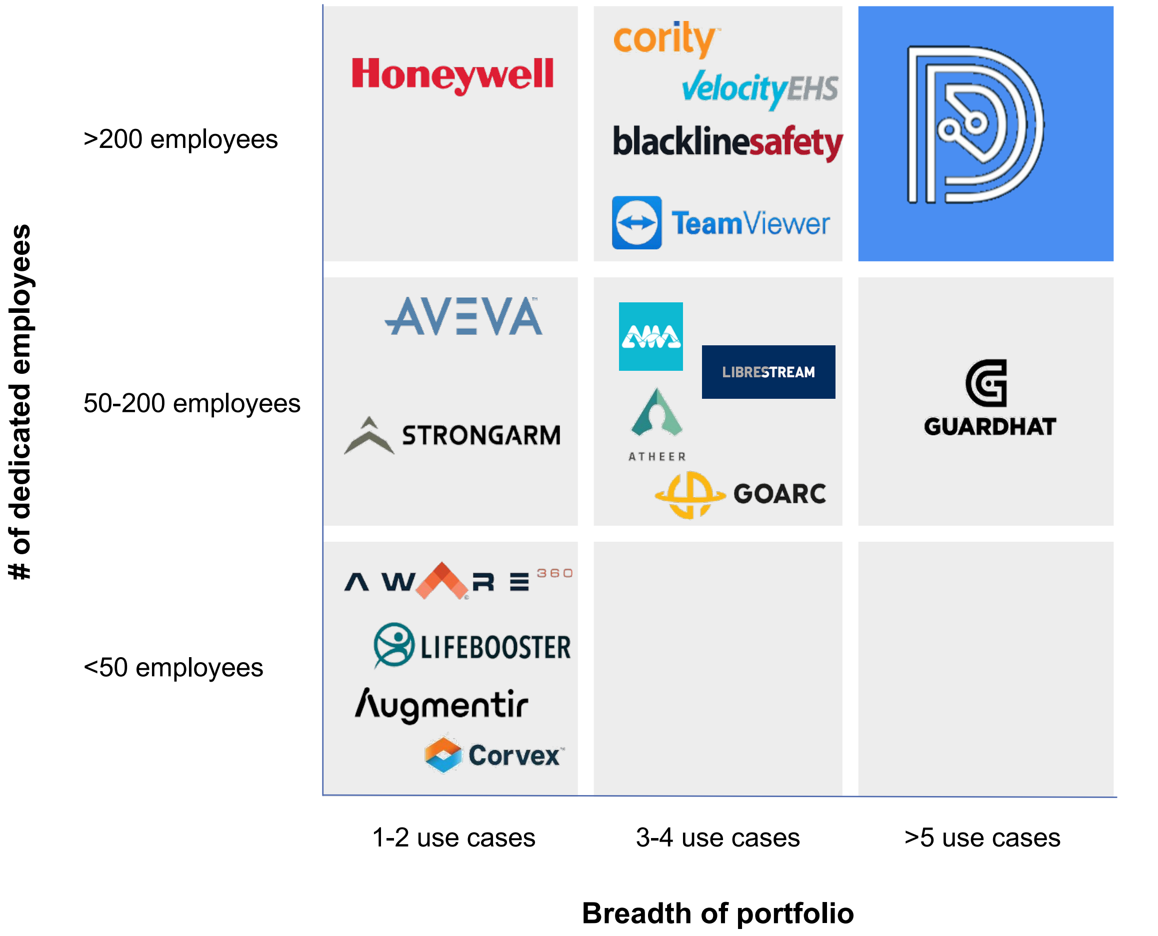
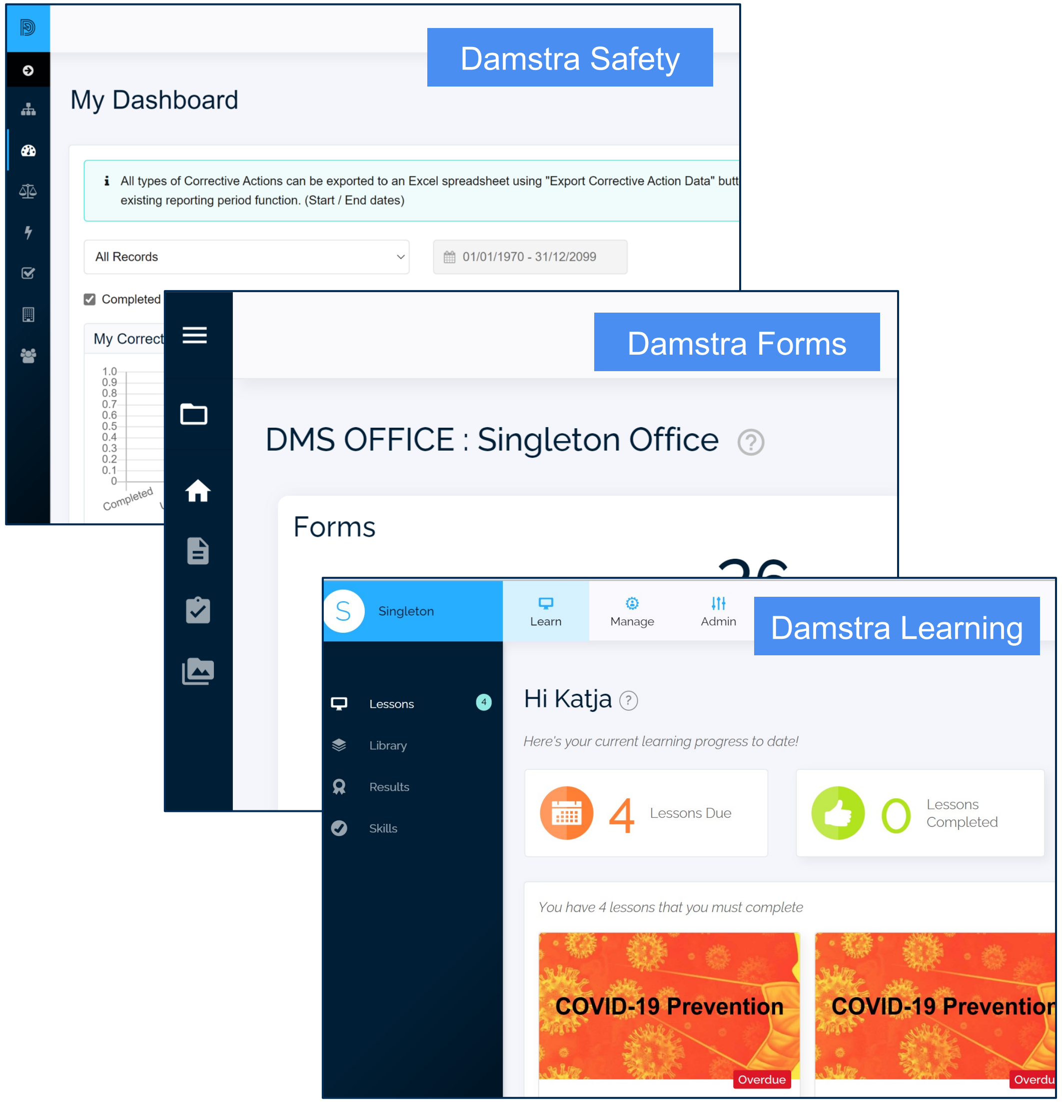
## Breadth and scale of our offering has been recognised by industry research firm Verdantix

**Global Leaders in Connected Worker Solutions**[1]




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

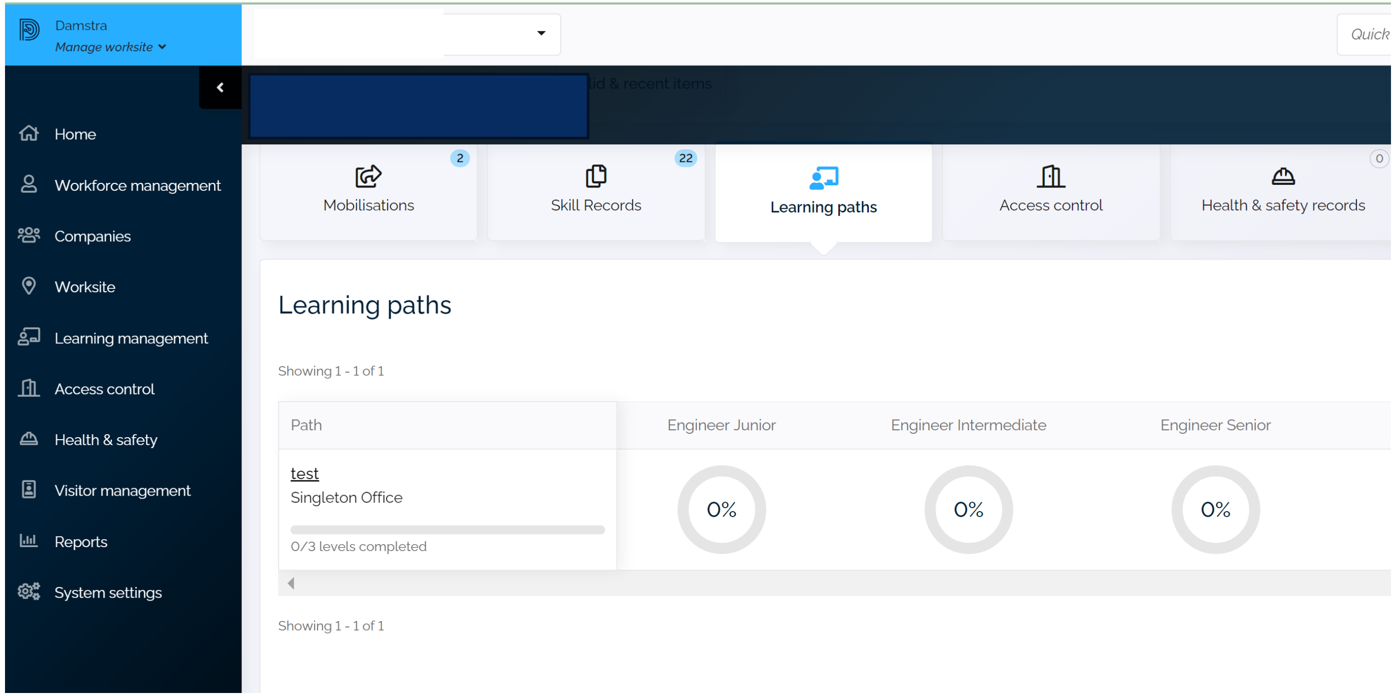



# Solving management of learning & development in the global mining sector

## Learning and development is emerging as a critical competencies for global mining companies with distributed workforces world-wide

- A learning and development platform that looks beyond compliance training to learning pathways
- Meaning ideal sequences of learning activities that drive workers to reach proficiency in their job roles in the shortest possible time
- With a clear vision of how to develop their skills for their career and personal growth
- With a clear trajectory, marked milestones and a final destination
- The benefits for organisations are helping achieve organisational goals, increases employee engagement, improves retention, more structure, increase productivity

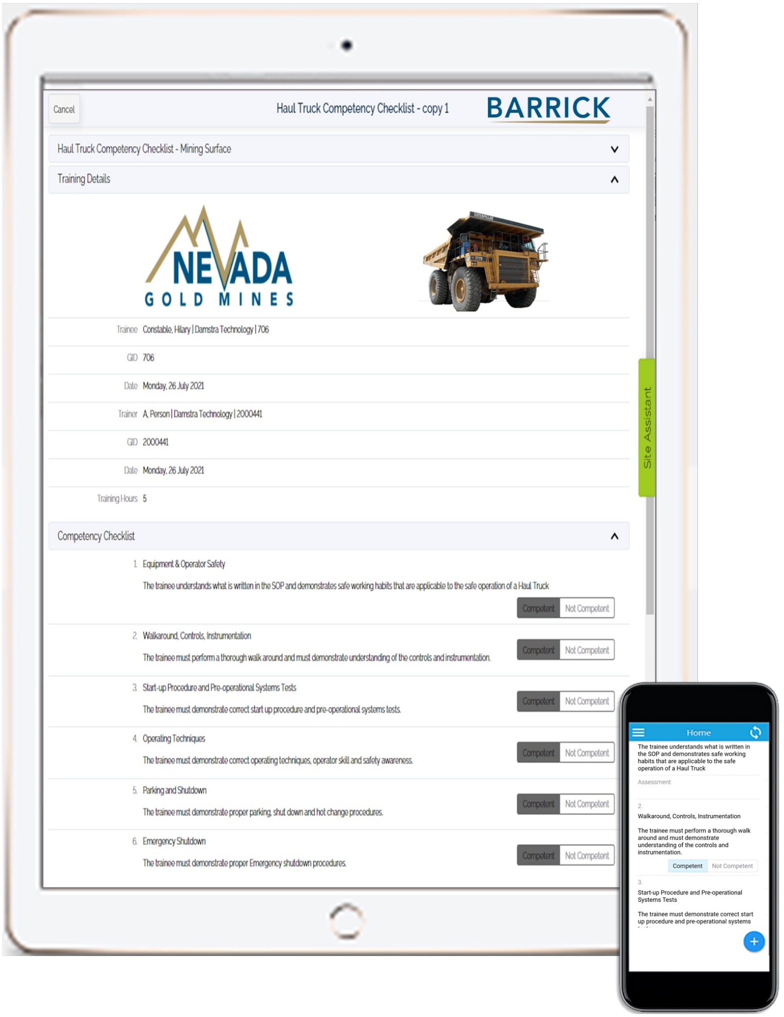
### Learning pathways

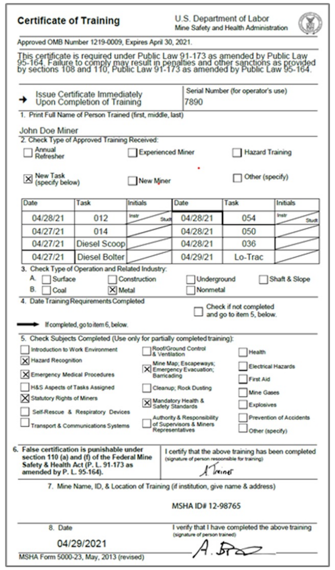


# Barrick - Damstra Enterprise Protection Platform (EPP)

DAMSTRA

## Solution in “real life”



**Certificate of Training**

U.S. Department of Labor
Mine Safety and Health Administration

Approved OMB Number 1219-0009, Expires April 30, 2021.

This certificate is required under Public Law 91-173 as amended by Public Law 95-164. Failure to comply may result in penalties and other sanctions as provided by sections 108 and 110, Public Law 91-173 as amended by Public Law 95-164.

Issue Certificate Immediately Upon Completion of Training

Serial Number (for operator's use) 7890

1. Print Full Name of Person Trained (first, middle, last)

John Doe Miner

2. Check Type of Approved Training Received:

Annual Refresher; Experienced Miner; Hazard Training; [X] New Task (specify below); New Miner; Other (specify)

| Date | Task | Initials | Date | Task | Initials |
|---|---|---|---|---|---|
| 04/28/21 | 012 | | 04/28/21 | 054 | |
| 04/27/21 | 014 | | 04/28/21 | 050 | |
| 04/27/21 | Diesel Scoop | | 04/28/21 | 036 | |
| 04/27/21 | Diesel Bolter | | 04/29/21 | Lo-Trac | |

3. Check Type of Operation and Related Industry:

A. Surface; Construction; Underground; Shaft & Slope
B. Coal; [X] Metal; Nonmetal

4. Date Training Requirements Completed

Check if not completed and go to item 5, below.

If completed, go to item 6, below.

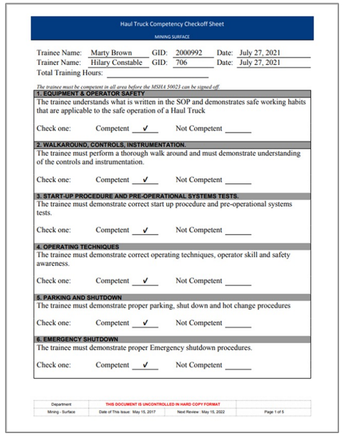
5. Check Subjects Completed (Use only for partially completed training):

7. Mine Name, ID, & Location of Training (if institution, give name & address)

MSHA ID# 12-98765

8. Date 04/29/2021

MSHA Form 5000-23, May, 2013 (revised)



**Haul Truck Competency Checkoff Sheet**

Trainee Name: Marty Brown GID: 2000992 Date: July 27, 2021
Trainer Name: Hilary Constable GID: 706 Date: July 27, 2021
Total Training Hours:

1. EQUIPMENT & OPERATOR SAFETY
The trainee understands what is written in the SOP and demonstrates safe working habits that are applicable to the safe operation of a Haul Truck
Check one: Competent ✓ Not Competent

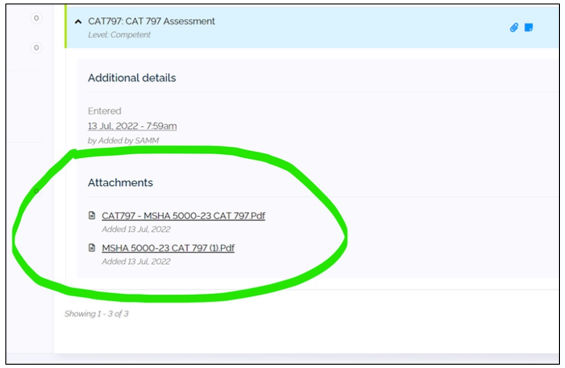
2. WALKAROUND, CONTROLS, INSTRUMENTATION
The trainee must perform a thorough walk around and must demonstrate understanding of the controls and instrumentation.
Check one: Competent ✓ Not Competent

3. START-UP PROCEDURE AND PRE-OPERATIONAL SYSTEMS TESTS
The trainee must demonstrate correct start up procedure and pre-operational systems tests.
Check one: Competent ✓ Not Competent

4. OPERATING TECHNIQUES
The trainee must demonstrate correct operating techniques, operator skill and safety awareness.
Check one: Competent ✓ Not Competent

5. PARKING AND SHUTDOWN
The trainee must demonstrate proper parking, shut down and hot change procedures
Check one: Competent ✓ Not Competent

6. EMERGENCY SHUTDOWN
The trainee must demonstrate proper Emergency shutdown procedures.
Check one: Competent ✓ Not Competent



# FY23 OUTLOOK

5

# FY23 outlook – previous guidance reaffirmed



## Revenue guidance of $32m - $34m

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

### H2 H23 Outlook

- EBITDA Margin in H1 of 13.4% achieved
- Gross Margins have improved 490bbs to 78.3%
- In December, we hit a run rate of $8.2m annual cost savings which delivers in an ongoing basis cost savings of ~$0.7m per month
- Q2 free cost outflow was ($1.2m), a 65% improvement on the average ($3.4m) in Q1-4 FY22
- H2 revenue in Damstra have historically been seasonally higher than H1
- Continual resilience in our two largest verticals mining and construction, pipeline in H2 is larger than H1
- That client churn does not materially increase from the 2.5% achieved in H1, which we believed has stabilised as it reduced to 2.3% in Q2 FY23

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


THANK YOU