July 8th, 2026

Investor Update

End of Q1 (April to June) 2026

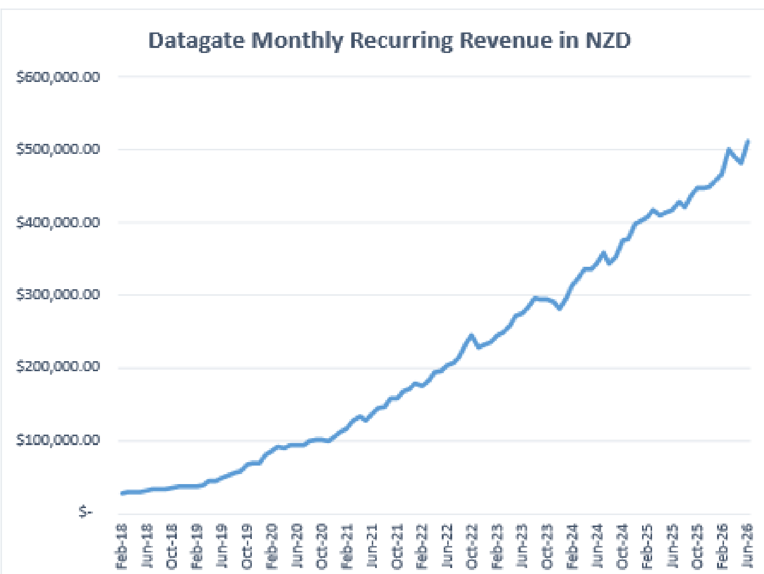
Dear Fellow Datagate Shareholders,

I'm pleased to report that since our previous update, Datagate has continued to grow and prosper despite significant headwinds in the global economy.

We have ended the quarter at NZ $6.14M ARR, a 23% year-over-year increase and a 2% increase since our last report. This quarter, we continue to be profitable and cashflow break-even.

The economic climate is providing challenges to our customers, and we see our competitors are cutting their pricing, and our customers are actively looking for cost savings.

During this quarter, we lost one large American client, who switched to a competitor and several other clients negotiated better prices from us upon renewal of their contracts. This all amounted to an overall reduction of NZ $9k in monthly revenue.



We have not yet taken any action to change our prices. Instead, we are increasing our efforts on account management of existing customers and have new product features being released shortly. We still see strong demand for our product which is uniquely suited to MSPs and MSP reseller channels.

Our profitability is a function of how much we invest each month in pro-active marketing. Our plan is to maximize marketing activity and revenue growth while maintaining our finances at break-even level, to lift our ARR-based business value as much as possible, without the need for any further capital raises.

Channel Growth

During the quarter, we added two wholesale telecom partners (one in the US and one in Canada) who are now actively selling Datagate systems to their resellers. We also added our first (US based) implementation partner.

Over the next two quarters, we are working on adding more sales and implementation partners in the UK, Europe, Australia and the US.

AI and Automation

We are the process of developing and testing an AI agent that is equipped with deep knowledge of Datagate's product, development history, support history and sales process history. We are currently using this agent internally and when it's ready, we intend to add it to the Datagate product – as an on-hand assistant that would be the first port of call for customers before escalation to our customer support team.

Speaking of AI, we discovered that several of our clients are now using Datagate to bill for AI usage using Datagate's standard functionality. The selling and billing of Artificial Intelligence products, represents a new growth sector for our addressable market.

New Product

In the upcoming quarter, we will release our new reconciliation product, which we see a lot of demand for within our customer base. With a new product, it's difficult to predict the extent to which it will add to our revenue growth, but I'm expecting it to be significant.

In Closing

Datagate remains in a strong position with an essential product for IT, telecom and AI service providers, who serve an ever-growing market.   The challenge for us now is reaching a valuation and exit deal with a suitable level of return for our shareholders, which we expect to take at least another year.

Thank you for your ongoing support.

Mark Loveys, CEO
Datagate Innovation Limited