CONFIDENTIAL

July 10 2026

Dear fellow shareholders,

Datagate's Exit Scenarios and Valuation Parameters

Several shareholders have independently asked Datagate's board about potential exit scenarios, timeframes and exit valuations.

The board presents the following commentary to help shareholders understand our perspective on these matters. Please also refer to the Important notes and qualifications set out on the following page.

Datagate's Present Valuation Considerations

- During the decade since Datagate was formed, SaaS business valuations have varied considerably. They peaked at around 18-20X EV:ARR in 2021 but have since generally returned to the 2-8X EV:ARR range. The EV:ARR multiple, and hence company valuation is based on how well a business performs in terms of growth, revenue and profitability.
- EV:ARR multiples are one commonly used valuation reference point for SaaS businesses, but actual valuation will depend on a broader range of factors, including growth, revenue quality, profitability, strategic fit, revenue retention, customer concentration, IP, buyer appetite, transaction structure and market conditions.
- Datagate's most recent rights issue valued Datagate shares at NZ $2.80 issue price implying an EV of NZ $21.2M (~US $12.2M.)
- In early 2024, we received an unsolicited, non-binding indicative offer from one of our competitors to acquire Datagate for non-cash consideration with an indicative value of US$10M, which represented about 4X ARR. When we told them that we would only consider a cash offer, they responded that the value of their offer would be reduced considerably if it was to be transacted in cash.
- We are presently cash-flow break-even and, based on our current forecasts, do not need to raise any further capital in the foreseeable future.
- Given that many shareholders invested in Datagate at NZ$2.80 per share (suggesting an enterprise value of ~ NZ$21.2 million (~US$12.2 million)) during a period of historically high SaaS valuations, the Board is committed to executing a strategy of sustainable, profitable growth to strengthen the business and expand its value, with the aim of delivering an attractive long-term return for all Datagate shareholders.
- We presently do not have an offer on the table nor are any interested parties currently negotiating a purchase of Datagate, nor are we in market actively seeking such offers.
- From time to time we receive non-binding expressions of interest from potential acquirers and investors. They are typically looking for businesses with ARR at or above US$5M for which they are indicating valuations of ARR X 4 often with conditions including *Rule of 40* >40.
- Artificial Intelligence (AI) has introduced some uncertainty in SaaS valuations. We do not currently consider this to be a long term risk to Datagate's value because Datagate has considerable IP depth and is a proven, safe and dependable solution within a billing market that involves considerable complexity, and where clients are generally conservative. Accordingly, we are working to achieve ARR US$ 5M with the objective of positioning Datagate to be more attractive to potential acquirers, noting that current

market indications suggest businesses of that scale may attract an expected exit multiple of around 4X ARR.
- Current forecasts anticipate reaching $US 5M ARR between the end of calendar year 2027 and early 2028.

This is obviously a speculative forecast which can not anticipate all market forces.

Based on actual figures and assumed current multiples, a speculative valuation template would look like this:

				Rule of			**EV:ARR Multiple**		
NZD	**ARR**	**Growth**	**EBITDA**	**40**	**3**	**4**	**5**	**6**	**7**
FY 24	$3.9M	29%	-9%	20%	$11.7M	$15.6M	$19.5M	$23.4M	$27.3M
FY 25	$4.9M	25%	-6%	19%	$14.6M	$19.4M	$24.3M	$29.2M	$34.0M
FY 26	$5.8M	20%	-1%	19%	$17.5M	$23.4M	$29.2M	$35.1M	$40.9M
				Shares Issued	*$2.31*	*$3.08*	*$3.85*	*$4.62*	*$5.39*
				Fully diluted	*$2.14*	*$2.86*	*$3.57*	*$4.29*	*$5.00*
							value nzd/share		

* Constant Currency Rates (Avg FY26 rates)

The board is aware that at least two shareholders have expressed interest in selling their shares, and at least two others who have expressed interest in buying shares at around NZ$2.25 per share.

Any such transaction would be subject to the pre-emptive rights of our Shareholder Agreement. Accordingly, the shares would first need to be offered to all existing shareholders on the same terms before any transfer could proceed.

We hope this update provides helpful context on the factors relevant to Datagate's current valuation, and the objectives we are focussed on to support long-term value for all shareholders. Please feel free to send us any questions you may have.

Important notes and qualifications

This update is provided to Datagate shareholders for general information only. It is not an offer or recommendation to buy, sell or hold shares, and does not constitute financial, investment, legal or tax advice. Shareholders should make their own assessment and obtain independent advice before making any decision in relation to their shares.

Any valuation information, multiples, per share values, exit scenarios and forecasts referred to in this update are illustrative only. They are not an independent valuation, a formal Board valuation, a recommended sale price, or a determination of fair market value. They are based on current information, assumptions and expectations, and are inherently uncertain. Actual outcomes may differ materially. No assurance is given that any forecast result, valuation or exit outcome will be achieved.

Best regards

Jens Neiser
Chairman of the Board

EV	Enterprise Value
ARR	Annualised recurring revenue
Fully diluted	Number of issued shares plus the number of unissued shares in the option pool