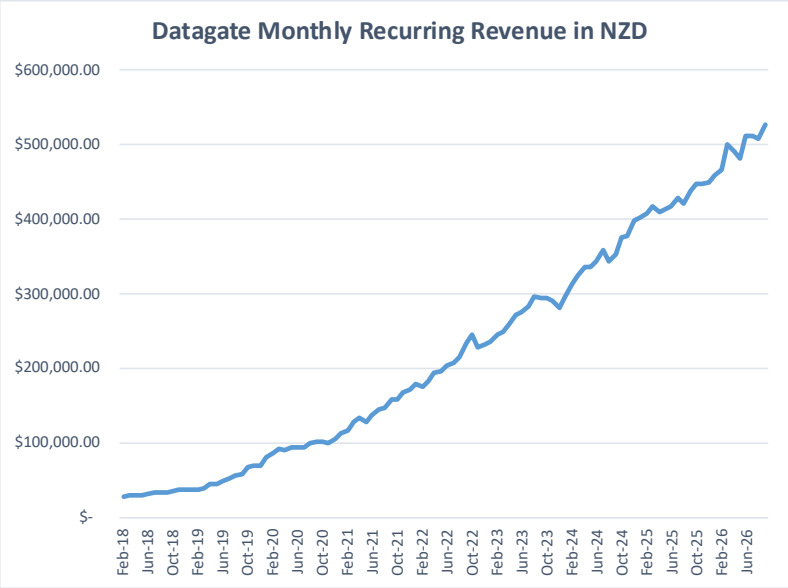
October 29, 2026

**Investor Update**

**End of Q2 (July to September) 2026**

Dear Fellow Datagate Shareholders,

In the quarter ending September 2026, Datagate has continued to grow recurring revenue, further enhance our product offering, as well as add new customers and sales partners.




ARR reached $NZ 6.3M in September ($US 3.6M), representing 21% growth (17% in constant currency) against the same period last year, which is a few % below our budget.

With 75% of our revenue coming from the United States, our NZD result was supported by the strength of the US dollar against the NZ dollar.

The quarter returned a positive EBITDA of $NZ 19K, despite our significant ongoing investment in marketing and partner enablement resources to grow our international partner channel, despite a general slowdown in new sales.

The business climate in the United States and elsewhere is cautious, due to several factors, which we believe include high interest rates, high fuel prices, wars, tariffs, a forthcoming election, and general uncertainty. Over the last six months, our new sales sign-up rate has halved from what it was previously. Our American business partner companies are reporting a similar sales slowdown, so we do not see this as a trend that is particular to Datagate.

We are still continuing to target $US 5M ARR at a +30% growth rate over the next 18-24 months while remaining at least break-even, but times have become more challenging.

**Overall Valuation of SaaS companies**

We are hopeful that worst part of the "SaaSpocalypse" is now behind us and public SaaS company multiples are slowly trending upward again.

**AI Usage Billing Opportunity**

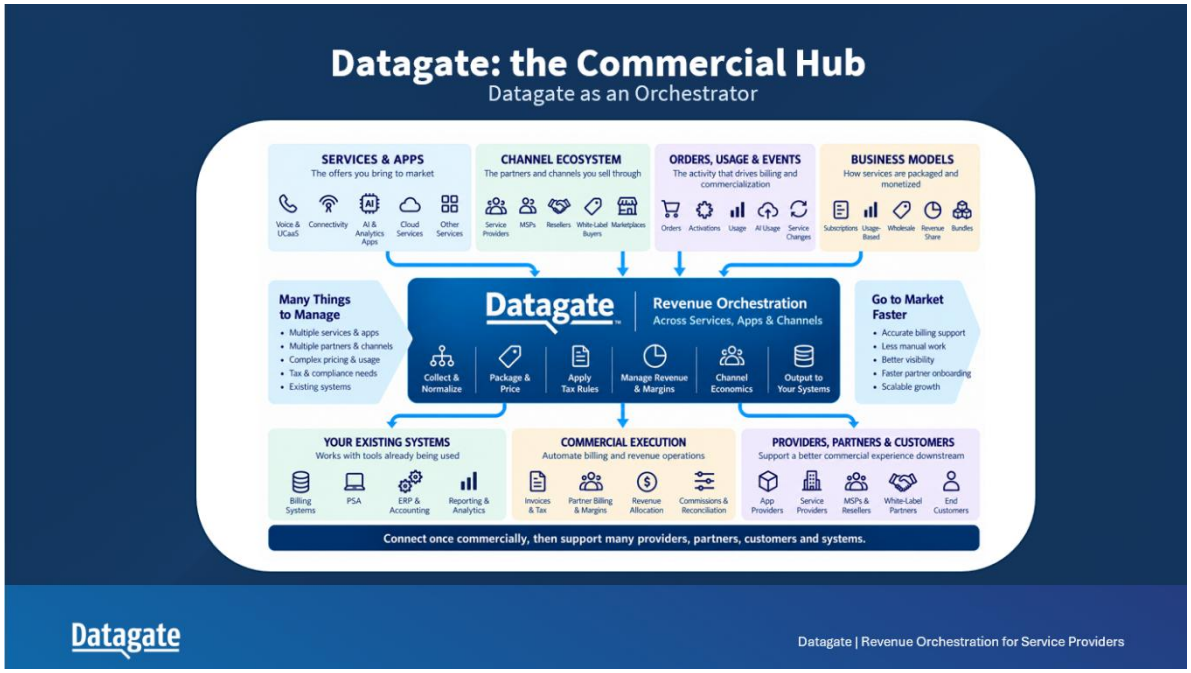
Datagate combines systems of action and record with compliance technology designed for the emerging AI landscape, positioning us to benefit from changes across our core markets and the broader technology sector, as outlined below.

The rapid growth in business use of AI presents Datagate with some opportunities:

1. Our MSP clients are now selling AI agents to their customers and using Datagate for their usage-based billing. We are seeing AI billing a new and fast-growing revenue stream for Datagate and Datagate MSP clients.
2. Our MSP clients are using AI agents to build integrations between Datagate and other software systems. We are building functionality into our interfaces to make Datagate more compliant, compatible and safe for use with external AI systems.
3. We are in advanced talks with some Telecom platform businesses, which are building AI marketplaces, to make Datagate a key component of these marketplace platforms and to standardise how AI billing is implemented for the multitude of AI vendors.
4. AI-native software companies represent a new market for Datagate. Since their underlying cost, such as token usage, are consumption-based, these companies need usage-based billing solutions. We are currently in discussions with several prospective customers in this segment.
5. We are using AI tools ourselves within Datagate in every department and in all aspects of our work. The added efficiencies enable us to continue growing the business and being more productive, without adding expensive headcount.

**Repositioning Datagate as a "Revenue Orchestrator"**

The changing industry environment provides an excellent opportunity for us to refine the way we present and talk about Datagate, to better illustrate the value that Datagate provides service providers and service channels. Previously we talked about Datagate's integrations with other applications that our clients use to facilitate billing. Our new, more holistic message is that Datagate orchestrates data-sharing between the service provider's multiple systems to enable a seamless, automated, telecom and AI revenue billing solution. This new positioning is currently being launched in our marketing, and you will see changes roll through our website, newsletters and presentations over the next quarter.




From early indications, it appears this new approach is resonating well with the wholesale telecom industry and is attracting larger prospective MSP & CSP clients to our sales pipeline.

**Telecom Wholesale Expansion**

In my last update, I discussed the opportunity for Datagate to grow revenue more rapidly through telecom wholesalers. We have since signed a contract with a large Canadian telecom wholesaler who will utilise Datagate across its large base of Canadian resellers. More recently we have signed up a similar wholesaler in Australia. We have other US, Australian and multi-national opportunities in discussion.

**Secondary Share Sales**

In June, we assessed the potential acquisition of a smaller SaaS business serving the same MSP market as Datagate. This opportunity would have involved a rights issue to raise the required capital, that would have complicated a secondary share process.

We decided against the acquisition, so the way is now clear to get back to running the share trade process.

Expect to hear from us next week with specific instructions for anyone interested in buying or selling Datagate shares.

Thank you for your ongoing support of Datagate,

Your Sincerely



Mark Loveys, CEO
Datagate Innovation Limited