

Investor Update

June 2022

Deep Recognition continues to build a business supported by our RaaS platform and know-how to deliver advanced recognition technologies.

This enables our customers to easily apply leading edge AI solutions to their business for increased competitive advantage.

Deep Recognition Holdings Limited	An Australian unlisted public company
ABN	33 631 171 796
Founded	2016
HQ	Docklands, VIC Australia
Industry	Recognition Technology Platform Company
Brand	Deep Recognition and Recognition as a Service (RaaS)
Website	www.deeprecognition.io
Examples of our work	Porsche Lexus Chevy Paramount Studios
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Highlights

- **2022 revenue forecast achieved**
- **Key Privacy and Ethics appointment**
- **Leading global 5G manufacturer validates Deep Recognition RaaS platform**
- **Sales demonstration platform launched**
- **Planning for next investment round underway**

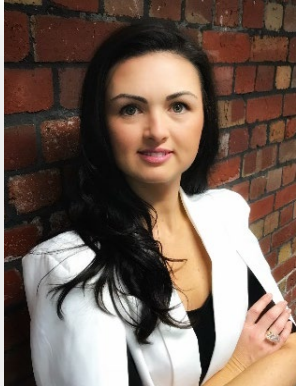
CEO Update

One of the significant benefits of being a Platform company, is that we are relevant to multiple industry verticals.. This is particularly important in the current financial climate as it means we can easily pivot to the most profitable verticals. Escalating security concerns, including the events in Russia and Ukraine, are driving Governments and Organisations to focus heavily on security. As you may be aware, Deep Recognition's 3 focus areas already include Law Enforcement and Security along with Retail.

Last financial year, Deep Recognition forecasted a revenue of \$1.7M. We are very pleased to announce that we reached this target. Deep Recognition has achieved exactly what we set out to achieve in terms of both sales and delivery of outcomes.

As detailed in our last investor update, we have successfully won projects in the Law Enforcement area which is forecast to increase this financial year for the reasons outlined above. One Law Enforcement agency is now using Deep Recognition as an Innovation Partner for Recognition Technologies.

In addition to achieving our sales targets, we have three very notable outcomes for June as follows:

1. We are very excited to announce the appointment of Dr Chelle Adamson as our new Head of Privacy and Ethics. Via our RaaS platform, we are turning privacy concerns into a competitive advantage for Deep Recognition. Chelle has 20+ years experience driving research across neuroscience, nanotechnology, technology adoption, and ethical AI. Her policy contributions include the National 2030 Science Policy, the Australian Human Rights & Technology Report, and the Attorney General's Review of the Privacy Reform Act 1988. Chelle also brings significant business development and product management experience in the technology sector driving large multi-year programs and collaborations across industry and government. She is also a passionate advocate for equity, diversity and inclusion. Welcome on board, Chelle.
 
2. We are also excited to announce the implementation of our RaaS platform into Dallas, Texas with a global 5G provider has commenced. One of Deep Recognition's Software Engineers will be heading to the US for 6+ weeks to work collaboratively with them. The 5G manufacturer undertook a detailed financial analysis to validate the likelihood of success before commencing with Deep Recognition. As mentioned previously, this opportunity is globally significant to Deep Recognition. Although we are not dependent on this opportunity for success, it certainly accelerates our amazing journey. Our robust business model along with the resulting opportunities and revenue generation for Deep Recognition and our channel partners (e.g., Telecommunication companies etc), enables Deep Recognition to attract this type of interest from other 5G Manufacturers. It also further validates our RaaS platform.
3. For the past few years, we have been selling the RaaS platform via PowerPoint and selling point solutions. This is very common for start-up companies. On the 1st of July we launched the sales demonstratable version of the RaaS platform giving the Sales Team a product to demonstrate. They say a picture is worth a thousand words and this is no exception. This gives customers something to look and touch thereby making it real. We would like to thank our amazing investors who have enabled us to bring the RaaS platform to life.

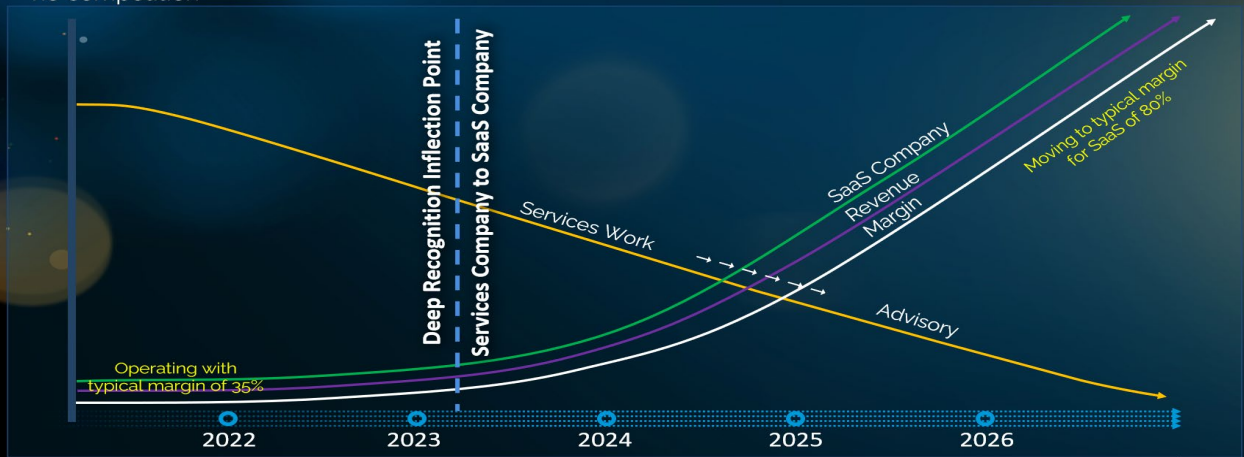
Sales Update

General availability of the RaaS platform for customers is scheduled to occur in early January 2023. As you will see from the graph below, soon after this we expect to be at an inflection point for the business where Deep Recognition changes from being a services company to being a true Software as a Service (SaaS) company.

Being a SaaS company is something we strive for every day as it brings about the inherent benefits associated with this type of business. SaaS benefits include the growing level of recurring revenue and margins. As far as we can determine, no other company in the world has launched a marketplace of digitised recognition technologies like RaaS. The opportunities we have with the global 5G manufacturer and Telecommunication Companies along with our RaaS Marketplace are a complete game changer and disruptive for multiple industries.

RaaS Go-to-Market Strategy – Inflection Point

- History as a services/consulting lead Company. Margins are typical of this sector
- We anticipate a gross margin of 80% on our RaaS platform with limited or no bespoke customer services required
- Now at an inflection point – we are transforming to a SaaS lead product firm with a massive upside with little or no competition



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Board/Employee updates

As you may be aware, Dr David Urpani joined Deep Recognition a few months ago as Chairman. As a result of David's daughter now moving to Europe, David will be spending more time overseas than expected. As a result of this, David has resigned as Chairman as he felt he could not provide Deep Recognition with the level of support needed during our growth phase. A replacement will be announced soon.

Horizon 1 Status

We are tracking well towards completing the items that were stipulated as deliverables of our Seed raise.

Horizon 1 Task	Status during previous update	Current Status
Complete RaaS front end to be Sales Ready	7/10	10/10
Complete Telstra 5G & Security Sales opportunities	8/10	9/10
Complete Multi-Factor front end	8/10	9/10
Complete DRx Video Appliance automation	8/10	10/10
Complete Horizon 1 Patent Applications	6/10	10/10
Set-up Marketplace	7/10	10/10

Did you know?

Using underwater cameras and recognition technologies, we can individually identify Salmon via the unique patterns on their backs. This helps Salmon Farmers determine the biomass weight of Salmon in their pens with an accuracy of approximately 97% providing significant business value. We can also recognise sores and lice. We expect to add this capability to RaaS in the future when we start to target this industry vertical. .

Summary

As mentioned on the previous page, Deep Recognition has achieved exactly what we set out to achieve following our seed investment round of \$2.5M including reaching our sales target. We would like to thank our amazing investor community for their support. We are now embarking on a further raise of \$5M to accelerate the development of RaaS in order to meet the current demands which exist. Exciting times are ahead for Deep Recognition.

John McGiffin - CEO