

ASX Announcement

9 August 2019

Implementation of Rescue Plan – Chairman's Update

I am pleased to provide an update on the implementation of the Rescue Plan set out in the Notice of Meeting sent to shareholders in advance of the Extraordinary General Meeting (EGM) held on 13 May 2019.

Over the past three months the new Directors have been totally focused on establishing the necessary foundations for achieving the aims of the Plan. This has included implementation of much needed cost reductions, reinvigorating our network of commercial partners to grow existing sales channels and introducing new revenue streams and products.

Directors have used their extensive knowledge and experience in property theft solutions to create a renewed sense of optimism within our commercial relationships. Importantly our major licensees and distributors have welcomed our focus on supporting them to build their capacity to grow revenue through new product offerings and market opportunities.

While there are a large number of yet unrealised product and services opportunities to be assessed and pursued in the months and years ahead, the Directors are confident that we are on track to turn around the group's disappointing performance of recent years.

The significant advances to date are:

An Extended Licencing Agreement with DataDot Technology South Africa (DDTSA)

We have entered into an extended Licencing Agreement with DDTSA to supply our asset identification solutions to a significant auto OEM customer in Europe. The agreement also includes revised arrangements for distribution of product into the Russian Federation.

The new Agreement was executed and exchanged on 8 August 2019 and commences immediately. These new arrangements will provide additional revenue for DDT from the sale of more than 100,000 car identification kits in the first year alone.

We expect that this new level of collaboration with our experienced and trusted partners will underpin the stabilisation of our asset identification revenues and will provide a model to develop multiple new revenue opportunities in the future.

New Distribution Agreement with Property Vault International (PVI).

As highlighted in the Rescue Plan approved by shareholders, DDT is establishing a close collaboration with Property Vault (PVI) which in its initial stages involves adopting a new range of products and services which will be extended as new PVI services still under development come online.

Property Vault is a company and product range owned by Mr Bradley Kellas and the Rescue Plan set out in some detail the proposed relationship between PVI and DDT.

The details of this relationship in terms of profit sharing have now been finalised and are included in a Distribution Agreement between PVI and DDT that will be signed before mid-August 2019.

The Agreement provides DDT with new revenue streams that are planned to commence in October 2019.

The Directors firmly believe that DDT's close collaboration with PVI is fundamental to the long-term growth of the company as PVI's online solutions and property recovery services are the missing link in the property identification story. The Directors have been particularly encouraged by the very strong level of interest in our planned DDT and PVI full service stolen property solutions offering from major stakeholders in both the commercial and public spheres.

Costs reductions

The Rescue Plan articulated a key strategy as being the reduction of overheads and the maintenance of a reduced cost base.

The Director's primary objectives in this regard have been the elimination or reduction of discretionary costs, the alignment of remuneration levels to the company's financial performance and re-setting the organisational culture to the maintenance of shareholder value and priorities.

Despite some carryover commitments from the previous administration being larger than anticipated in respect to the one-off re-organisation costs, the annualised savings that have been implemented by the new Directors to date amount to approximately \$700,000. A further improvement in FY20 expenses compared to FY19 will be a saving of over \$600,000 that was incurred in relation to extraordinary corporate transactions. We will continue to look for further savings and economies.

Convertible Notes

As advised to ASX on 5 July 2019, the company has raised \$1,150,000 from professional investors by way of convertible notes. The funds will be used as working capital to allow the Company to continue to drive the return to profitability through increased sales and cost containment.

The Directors are very pleased with the rate of progress being made towards the turnaround of the company through implementation of the Rescue Plan. We are confident that the advances made to date are evidence that the new levels of collaboration with our existing commercial partners and the introduction of new opportunities through our shift towards full-service delivery in stolen product solutions will continue to increase revenue and shareholder value.

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About DataDot: DataDot Technology Limited provides world leading asset identification, management, protection and authentication solutions that deliver great value to customers. For more information please visit www.datadotdna.com.