

DataDot Technology Limited

ABN 54 091 908 726

22 February 2019

1H FY2019 Results Announcement and Outlook

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- Lower DataDotDNA® volumes from distributors leads to fall in group revenue
 - Growing and diversifying our revenue base initiatives, include:
 - Lead generation for DataTraceID;
 - Engagement in India as to the potential introduction of a micro-dot standard for motor vehicles; and
 - Exploration of transactions that would broaden our customer base, offerings and capabilities.
 - Operating expenses improved by 10%, further gains anticipated
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Earnings for first half of 2018/19 have decreased against the prior comparable period (pcp). EBITDA decreased by \$0.45m to a \$0.54m loss (1H2018, \$0.09m loss) and NPAT decreased by \$0.35m to a \$0.66m loss (1H2018 \$0.31m loss). Group revenue has fallen against pcp from \$2.49m to \$1.79m.

The main drivers of this performance were lower DataDotDNA® volumes from our automotive distributors in the USA and Italy. These developments highlight the need for the Company to grow revenue and diversify its revenue and customer base and, in particular, to become less reliant upon a relatively small number of DataDotDNA® automotive customers.

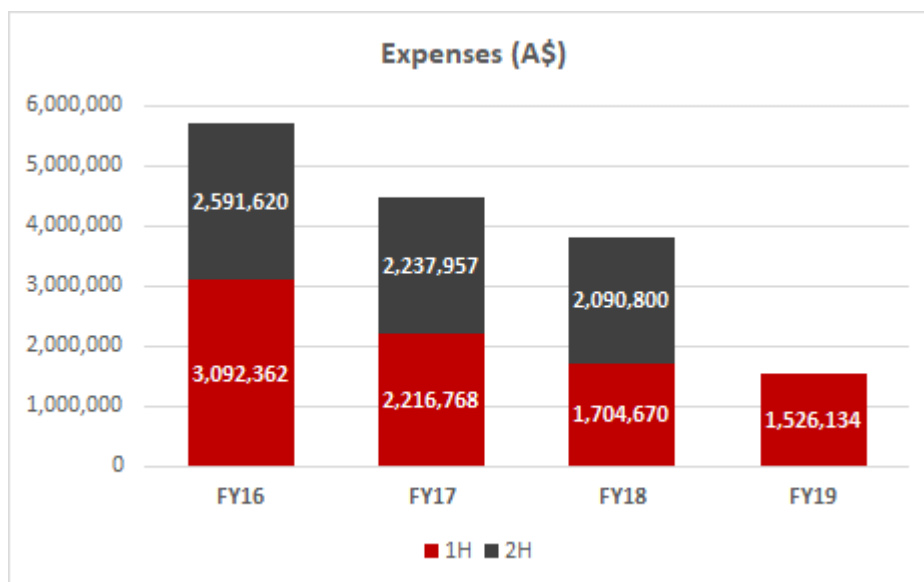
Growing and diversifying our revenue and customers base is the Company's key focus area. Initiatives to address this include:

- International digital and social media campaigns to increase awareness and generate leads for our DataTraceID authentication solutions with a specific focus on the following industry segments: Pharmaceutical/Nutraceutical, Food and Beverages, Medical Devices and Automotive Parts;
- The 2019 iteration of our authentication survey and report that continues the initiative launched in 2018, which builds general awareness of DataTraceID as a leader in authentication solutions;
- International digital social media campaigns to diversify our DataDotDNA® customer base directed at Utilities, Schools, Local Councils and Hire and Rental providers;
- Engagement with government authorities and other stakeholders in India as to the potential introduction of a micro-dot standard for motor vehicles; and
- Exploration of transactions and partnerships that would broaden our customer base, offerings and capabilities.

Operating expenses improved against pcp from \$1.70m to \$1.53m (10% reduction). These improvements were driven by:

- Restructuring of personnel;
- Renegotiating supplier pricing; and
- Rationalising operating expenses.

Further cost efficiency improvements are expected to be realised in 2H FY2019 as a result of our ongoing cost efficiency drive.



Outlook

The outlook for the Company is positive with:

- a cost base that enables the Company to translate revenue growth into positive earnings results;
- efforts underway to grow awareness, leads and revenues in our DataTraceID business (that build upon recent value proposition improvements and additions);
- efforts underway to diversify our DataDotDNA® customer base; and
- a number of potential transactions and partnerships being explored that would broaden our customer base, offerings and capabilities.

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