

DataDot Technology Limited

ABN 54 091 908 726

Securities Exchange Announcement

23 February 2016

1H FY2016 Results Announcement and Outlook

- Revenue growth of 3.45% against prior comparable period (pcp)
- Revenue from Europe was up 45% pcp (in AUD), and holds the prospect of much greater growth in coming periods
- A European distributor has won a major contract extension and expansion into more than 10 other European countries (following a competitive bidding process) and is currently negotiating the final terms under confidentiality restrictions
- Changes to workforce will result in a material positive impact on Earnings in the second half of the year and beyond
- Important Bulk Materials patent to be granted in US

Revenue for the first 6 months of the 2015/16 financial year was \$3,480,556, being 3.45% higher than the pcp.

Revenue from Europe was up 45% pcp (in AUD), and holds the prospect of much greater growth in coming periods. One of our European distributors has won a major contract extension and expansion into more than 10 other European countries (following a competitive bidding process) and is currently negotiating final terms under confidentiality restrictions. Details will be announced once the contract has been executed. Revenue from this distributor is expected to double once the expansion is complete with a material increase to the company's European revenues.

Revenue growth in Europe was offset to some degree by the performance in the Americas and DataTraceDNA. There has however been material growth in the sales pipelines in both these areas. Additionally recent results suggest considerable longer term growth in the US auto business is achievable.

Gross profit was \$1,983,925 at 57% of revenue compared to \$2,024,834 at 60% of revenue pcp. This reflects the proportional growth of Europe, where margins are lower due to the 'wholesale' nature of the business in that region.

Other key financial results for the first 6 months of the 2015/16 financial year reflect the investment in resources to pursue growth, particularly in the Americas and in DataTraceDNA and that the sales pipelines, which have been created as a result are still maturing into revenue:

- Group expenses, were \$3,382,832 compared to \$2,491,480 pcp – up predominantly due to employment costs,
- Earnings before interest, tax, depreciation and amortisation ("EBITDA") were \$854,314 loss compared to \$142,803 pcp,

The Company has taken steps (after the reporting period) to adjust its workforce to improve conversion rates and earnings. These changes will result in a material positive impact on Earnings in the second half of the year and beyond.

As at 31 December 2015, cash balances held by the company amounted to \$3,338,538.



Outlook

The Outlook for the Company is strong with a number of avenues poised to deliver growth, including:

- Growth in Europe from a major contract expansion
- Authentication product sales (pipeline conversion), particularly in the US where the pipeline has grown strongly,
- Growth in the US auto aftermarket/dealership channel as the share of dealers carrying our product increases,
- Industrial product sales in the US and other regions, and
- Food authentication joint venture with Beston Global Food Company Ltd (ASX: BFC).

Contact Information:

DataDot Technology Limited

Temogen Hield, CEO

Phone: 02 – 89774900 e-mail: thield@datadotdna.com

web site: www.datadotdna.com