

FY17 Results Overview FY18 Focus Areas

August 2017



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In FY17 a significantly improved cost base delivered a positive earnings trend

Key Drivers of the FY17 Result



EBITDA improved 43% to a loss of \$0.84m

Cash as 30 June 2017 was \$1.77m. Cash flow neutral to positive depending on realization of new revenue. No need to raise further capital.

NPAT improved 58% to a loss of \$1.38m

Well placed to translate revenue growth into earnings. Increased revenue from an efficient and effective cost based critical to success.

During FY17 there were a number of positives, headlined by the broadening of our authentication product suite

DataDotDNA

Auto sector volumes at record levels, although unit pricing has reduced. Overall volumes up slightly.

COGS improvements identified, some margin to be recaptured in FY2018.

Partnerships being actively sought to assist in scaling microdot business.

Opportunities to renew distribution or other arrangements in China and France.

DataTrace

Significant broadening of product suite:

- High performance tamper evidence and serialization
- Smart packaging solutions
- DataTrace Data Aggregation

(See page 8)

\$2.3 trillion
The global economic value of counterfeit and piracy by 2022
International Trademark Association and the International Chamber of Commerce

8 of the Company's top 10 near term prospects are now from its Authentication business (as at 30 June 2017).

Strong pipeline with significant brands and opportunities.

Looking ahead revenue growth from existing customers, closing current leads and new lead generation is the priority

Growth from existing relationships:

- Scale US auto
- Close EU OEM ops

Efficiency:

- Film supplier re-negotiation
- Product review
- Consider outsourcing and centralization options

New markets via Partnership:

- Global partners to aid in distribution & product development
- China strategy

Growth from existing relationships

- Global pharma and FMCG Companies
- Beston JV

Close current leads and multiply lead gen:

- 8 near term opportunities > \$100k pa
- Lead generation program focused on target segments

Embed and communicate Trust Enhancement VP:

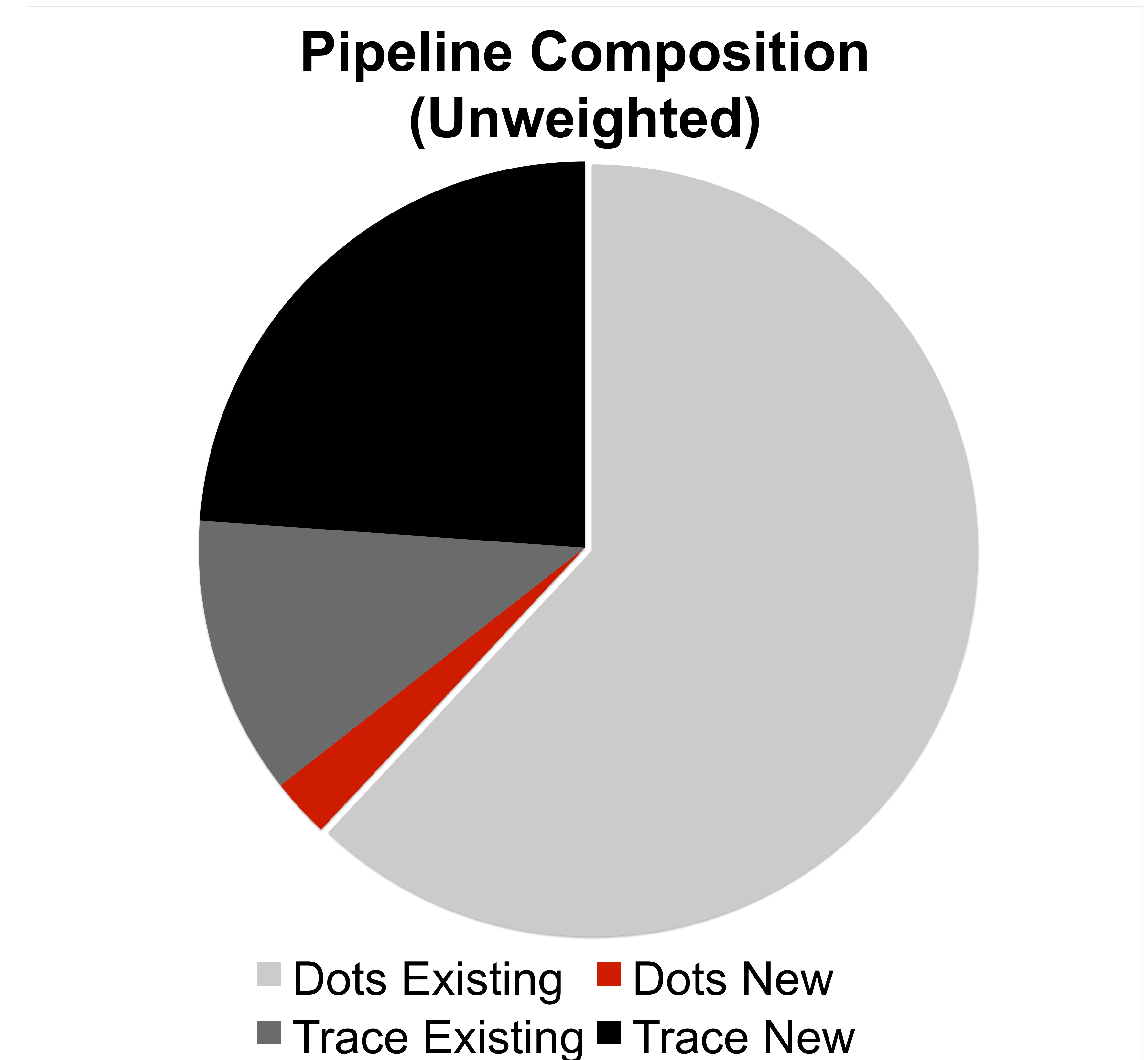
- Digital platform
- Tamper evidence
- Data aggregation

Behind the scenes we've also been improving our ability to execute

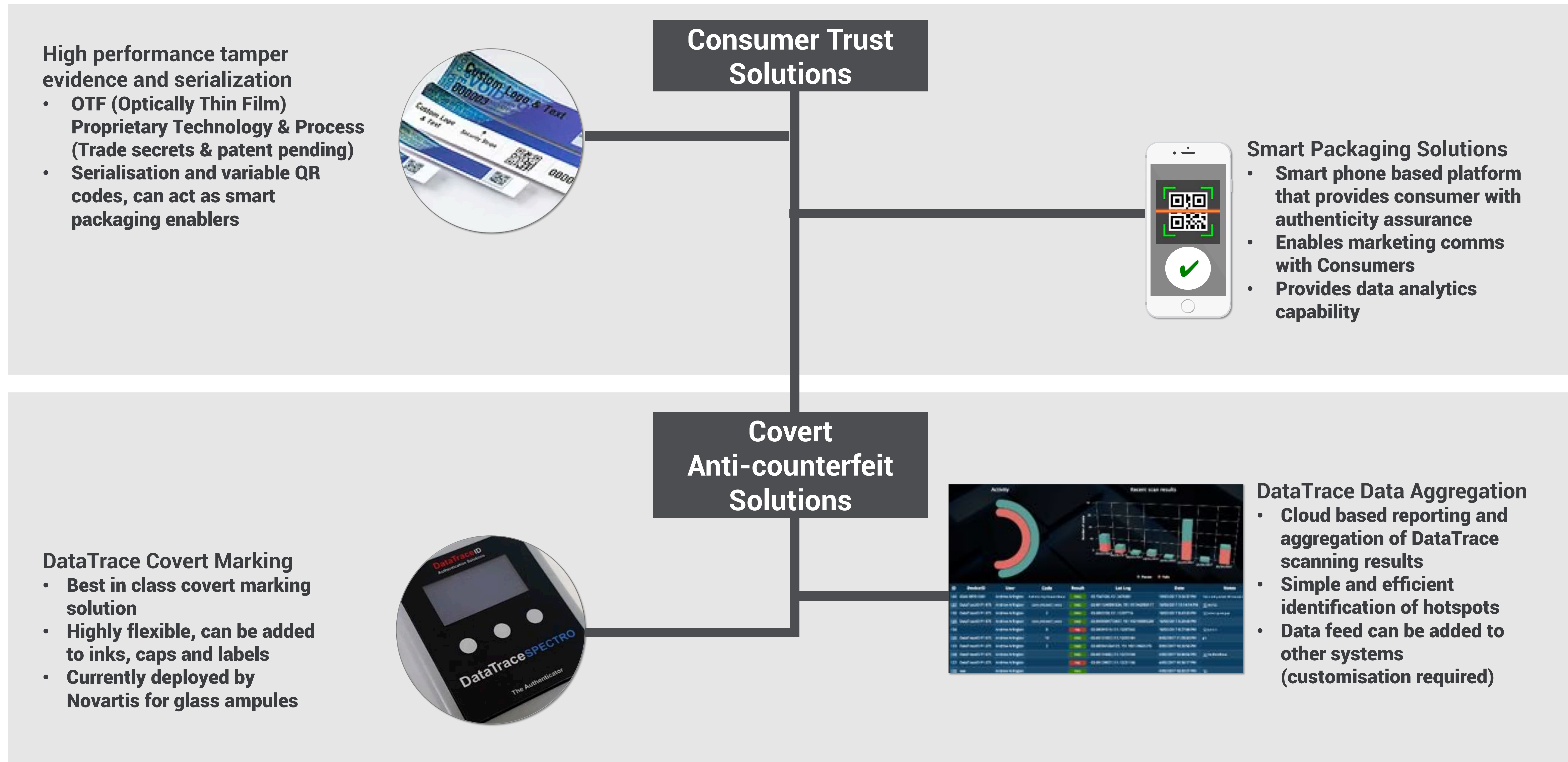
New Sales Process	Organisational Re-Structure	Culture
<ul style="list-style-type: none">• Based on complex sale literature• Focuses on assisting customer to understand all dimensions of their problem and then develop and evaluate options• Customer (not Technology) focused	<ul style="list-style-type: none">• In July re-structured into functional rather than regional teams (apart from EU)• 2 terminations• Now lean cost base• Greater use of external expertise	<ul style="list-style-type: none">• Renewal – 50% of key roles now < 2 years tenure• Improved processes to support accountability and transparency• Teamwork and forward planning getting there

And our pipeline is building, particularly in DataTrace

- Growing proportion of our leads are now in DataTrace – dedicated lead gen program with new product suite should see this increase during FY17/18
- Whilst the majority of DataTrace leads are in the US and Aust, the EU is also starting to yield organic leads – we plan to build on this in FY17/18
- Dots continues to have high stable recurring customer base
- Partnerships the key to generating new Dot leads



DataDot anti-counterfeit solutions are focused on increasing consumer trust levels and reducing counterfeit risk



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