



APPENDIX 4D
Half Year Report
for the half year ended 31 December 2021

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ASX Announcement

22 February 2022

DataDot Technology Limited – December 2021 - Appendix 4D and Financial Report

DataDot Technology Limited attaches the following documents relating to the results for the half year ended 31 December 2021.

- Appendix 4D; and
- Financial Report

These reports have been authorised for release by the Board of Directors of DataDot Technology Limited.

For further details contact the undersigned.

Yours faithfully

DataDot Technology Limited
David Mackenzie
Company Secretary
Email: dmackenzie@datadotid.com

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.

DataDot Technology Limited

ABN : 54 091 908 726

**Appendix 4D
Half Year Financial Report****Reporting period** **Half year ended 31 December 2021**

Previous reporting period Half year ended 31 December 2020

Results for announcement to the market	31 Dec 21	31 Dec 20	Change	Change
	\$	\$	\$	%
Revenue	1,825,357	1,735,973	89,384	5.15%
Gross Profit	1,315,967	949,480	366,487	38.60%
Expenses	710,259	665,741	44,518	6.69%
EBITDA	613,091	369,971	243,120	65.71%
Profit / (Loss) from ordinary activities after tax attributable to members	6,295,171	256,730	6,038,441	2352.06%
Net Profit / (Loss) attributable to members	6,295,171	256,730	6,038,441	2352.06%
Net tangible asset backing per ordinary share shown in cents	0.0030	0.0018	0.0012	66.67%

Dividends

No dividends were paid or made payable during the half year ended or since 31 December 2021.

Commentary

Please refer to the attached Directors' report which does not form part of the financial report for the half year ended 31 December 2021.

Other information*Control gained over entities having a material effect*

N/A

Loss of control over entities having a material effect

N/A

Dividend or distribution reinvestment plans

N/A

Details of associates and joint venture entities

N/A

Audit status

This report is based on accounts that have been subject to review.

Attachments

Additional disclosure requirements can be found in the notes to the attached half year financial report.

Signed By


Ray Carroll - Chairman
22 February 2022



Financial Report for the half year ended 31 December 2021

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Directors' Report

for the half year ended 31 December 2021

Your directors submit their report, together with the financial statements of the consolidated entity ("DataDot") consisting of DataDot Technology Limited ("DTL") and the entities it controlled at the end of or during the half year ended 31 December 2021.

Directors

The directors of the Company at any time during or since the end of the half-year are as follows:

Mr Ray Carroll (Chairman)

Mr David Lloyd (Chairman of the Audit and Risk Management Committee)

Mr Bradley Kellas (Managing Director)

Principal activities

The principal activities of DataDot during the half year were to develop, manufacture and distribute customisable asset identification solutions that include:

- i) DataDotID - polymer and metallic microdots containing etched data that is unique to the assets to which the microdots are attached;
- (ii) DataTraceID – a chemical fingerprint added to products to authenticate their identity and provenance; and
- (iii) Vault Asset Registers - databases that record asset identification data and are accessible by law enforcement agencies and insurance investigators.

There has not been any significant change in the nature of these activities during the half year.

Headline Profit

The Group is reporting a first half-year after tax profit of \$6,295.2K. Of this \$5,790.9k is attributable to the recognition of DTL's unused tax losses on to the Balance Sheet in accordance with AASB 112-Income Taxes. AASB 112 – Income Taxes specifies that a deferred tax asset should be recognised for unused tax losses when it is probable that future taxable profit will be available against which the unused tax losses will be utilised.

The unused tax losses being recognised in this financial period were accumulated in the years prior to the new Board being appointed in May 2019. It is the Board's view, considering the positive turnaround in the company's performance since that time and the expectation of future taxable profits of DTL, that it is now appropriate that the unused tax losses be recognised as a deferred tax asset in the books of the Company.

In practical terms the effect of this recognition is that subject to any changes in Australia's current corporate tax rate, the company is not required to pay company tax on future profits of approximately \$22.2 million.

Review of operations

The Group has posted a first half- year profit before tax of \$508.7k from its trading operations. This is a significant increase (96%) on the \$260.2k profit before tax achieved in the prior comparable period ("pcp"). Total revenue for the half year is up by \$89.4k (5.1% from the pcp) to \$1,825.4k.

The major contribution to this continued improvement in our bottom-line result has been the combination of an increase in Royalty revenues stemming from our collaboration with Datadot South Africa in the European OEM automotive market and an overall across the board reduction in our cost of sales.

- Royalty revenues were \$732.5k, an increase of \$258.2k (54.4%) from the pcp.
- Cost of sales were \$509.4k, a reduction of \$277.1k (35.2%) from the pcp.

The substantial increase in Royalties led to royalties comprising 40% of total revenue in this half year period compared to 27% in the pcp. Total sales of goods reduced by \$163.2k to \$1,033.7k. In conjunction with the increase in Royalties, this resulted in sales comprising 57% of total revenue compared to 70% in the pcp, however the substantial improvement in the cost of sales more than offset this reduction in terms of the net effect on the bottom line.

The substantially lower cost of sales was a result of our continued focus on cost containment and seeking more efficient supply of raw materials and components. The reduction of volume in some of our lower margin sales channels has also contributed to the percentage improvement in the overall cost of sales.

The underlying cost base of the company remains relatively consistent at the reset percentage of approximately 50% - 60% of FY 2020 levels. Expenses for the current period were \$710.3k, compared to \$665.7k in the pcp, with the increase being wholly attributable to a previously flagged \$50k increase in marketing expenses related to campaigns and promotional activity. Excluding this marketing investment, other expenses were down by 5.4k from pcp.

As at 31 December 2021, the company's cash position and the balance sheet has been further strengthened. Net assets at 31 December 2021 were \$9,467.9k compared to \$2,208.7k at 31 December 2020. While \$5,790.9K of Deferred Tax Assets were added to the balance sheet in the current period, the improvement in Cash and Cash Equivalents from \$1,632k at 31 December 2020 to \$2,691.1k as at 31 December 2021 has made a significant contribution to this strengthened balance sheet.

Outlook

In the 2021 first half-year report the Director's advised that our foreshadowed major restructuring initiatives had been fully implemented and with the business operating on a substantially more efficient expense base it was positioned to maximise the achievable profit from future revenue growth. While the results from that time have reflected this confidence, the Director's also recognise that Royalties from our licensee partners, particularly Datadot South Africa (DDSA) has remained a significant part of the Company's business model and revenue base.

As previously reported, over the past two years there has been growing interest in the OEM automotive sector for microdot fitment; particularly in European markets. During this period we have built on our existing commercial relationship and developed a much closer strategic and cooperative partnership with DDSA to realise the existing and potential benefits from these emerging opportunities. DDSA has extensive experience of servicing a very wide cross-section of OEM automotive companies in their home market and work is well underway to leverage the combined expertise and resources of both companies in the pursuit of new customers in OEM markets beyond DDSA's existing territory agreements. We will continue to pursue these opportunities where there are clear benefits for both companies.

Our direct automotive sales channels have remained relatively constant with ongoing sales in Australia and the US.

Our non-automotive micro-dot sales, which are sold through our U.K. subsidiary to a variety of re-sellers in the U.K. and Europe saw a decline of \$98.7k in the period compared to the pcp. This was primarily the result of an historical long term customer ceasing their micro-dot security program. However, based on securing a new volume customer

toward the end of the period and a marked increase in forward orders from existing customers for the third quarter, it is expected that this shortfall will be recovered over the full year.

Work has continued throughout the period to facilitate revenue generation via our partnership with PropertyVAULT. This has included refining the functionality of PropertyVAULT's registration and stolen property portal and its on-line and social media sales portals.

The prolonged shutdowns of the retail sector in our target markets of New South Wales and Victoria due to Covid 19 did impact our planned expansion of the PropertyVAULT retail offerings. With the lifting of those shutdowns and the recent appointment of an experienced business development manager we anticipated an accelerated roll-out of PropertyVAULT's business model in the second half-year. This includes replicating the BikeVAULT model with adaptations to suit multiple property categories through bespoke identification kits and related security products via direct on-line sales, wholesaler or manufacturing agreements and retail offerings.

The Company is also stepping up our pursuit of commercial arrangements with specialty insurers to generate advertising and referral revenue streams, and for the higher valued classes of insured property such as marine, caravans, plant and equipment and specialty vehicles, recovery and salvage service charges.

Apart from significant increases in freight costs, the Company has been fortunate not to have suffered a material disruption to its operations from the Covid 19 pandemic and the emerging flow-on logistical constraints impacting world trade. However, the Board cannot completely discount the possibility of a negative impact if these logistical disruptions worsen; particularly in our key markets of South Africa, Europe, and UK.

Notwithstanding the caveats associated with developing and securing new and prospective revenue opportunities, the positive results achieved to date give the Board good reason to be optimistic regarding the future growth of the Company and the prospects for greater revenue generation. The Company now has significantly improved financial underpinnings with a much stronger asset base, no interest bearing debt and a healthy cash reserve. The Board is committed to pursuing all potential strategic opportunities to grow value for all shareholders.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the half year ended 31 December 2021 has been received and can be found on page 8 of the financial report.

Signed in accordance with a resolution of the Board of Directors, pursuant to section 306(3)(a) of the Corporation Act 2001.



Ray Carroll
Chairman

Sydney

22 February 2022

22 February 2022

The Directors
DataDot Technology Limited
8 Ethel Avenue
BROOKVALE NSW 2086

Dear Directors

DataDot Technology Limited

As lead auditor for the review of DataDot Technology Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of DataDot Technology Limited and the entities it controlled during the period.

Yours sincerely

AMW AUDIT
Chartered Accountants



ANDREW HUNT
Principal

Consolidated Statement of Profit or Loss

for the half year ended 31 December 2021

	Notes	31 Dec 2021 \$	31 Dec 2020 \$
Revenue			
Sale of goods		1,033,697	1,196,922
Service and licence fees		59,115	64,699
Royalties		732,545	474,352
		1,825,357	1,735,973
 Cost of sales		 509,390	 786,493
Gross Profit		1,315,967	949,480
 Other income	2	 7,383	 86,232
Expenses			
Administrative expenses		629,583	628,562
Marketing expenses		53,124	3,170
Occupancy expenses		27,370	33,862
Restructuring Expenses		-	-
Travel expenses		182	147
		710,259	665,741
EBITDA		613,091	369,971
 Depreciation, Amortisation and Impairment		 96,947	 99,279
Finance costs		7,400	10,532
Profit before income tax expense		508,744	260,160
 Income tax (benefit) / expense	6	 (5,786,426)	 3,430
Profit after income tax expense for the period		6,295,171	256,730
 Profit for the period attributable to :-			
Owners of DataDot Technology Limited		6,295,171	256,730
		0.51	0.02
 Diluted profit per share (cents per share)		 0.51	 0.02

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

for the half year ended 31 December 2021

	31 Dec 2021 \$	31 Dec 2020 \$
Profit after income tax expense for the period	6,295,171	256,730
Other comprehensive income :-		
Items that may be classified subsequently to profit or loss :-		
Exchange difference on translation of foreign operations	(842)	862
Total comprehensive income for the period net of tax	<u>6,294,328</u>	<u>257,592</u>
Total comprehensive income attributable to :-		
Owners of DataDot Technology Limited	<u>6,294,328</u>	<u>257,592</u>

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 31 December 2021

	Notes	31 Dec 2021 \$	30 Jun 2021 \$
Current Assets			
Cash and cash equivalents	5	2,691,063	2,328,358
Trade and other receivables		645,788	867,658
Inventories		415,507	208,259
Prepayments		268,139	206,808
Total Current Assets		<u>4,020,496</u>	<u>3,611,083</u>
Non Current Assets			
Deferred Tax Assets	6	5,790,948	-
Plant and equipment		348,142	388,326
Investments		2,948	2,948
Total Non Current Assets		<u>6,142,038</u>	<u>391,274</u>
Total Assets		<u>10,162,534</u>	<u>4,002,357</u>
Current Liabilities			
Trade and other payables		328,330	409,210
Employee benefits		127,981	102,932
Provisions		7,105	7,105
Other current liabilities		112,873	192,882
Total Current Liabilities		<u>576,289</u>	<u>712,129</u>
Non Current Liabilities			
Employee benefits		17,476	16,240
Other non-current liabilities		100,873	100,531
Total Non Current Liabilities		<u>118,349</u>	<u>116,771</u>
Total Liabilities		<u>694,638</u>	<u>828,900</u>
Net Assets		<u>9,467,896</u>	<u>3,173,456</u>
Equity			
Issued capital	7	41,612,795	41,596,795
Accumulated losses		(30,110,745)	(36,405,916)
Reserves		(2,034,154)	(2,017,423)
Total Equity		<u>9,467,896</u>	<u>3,173,456</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the half year ended 31 December 2021

	Attributable to equity holders of the parent					
	Issued capital \$	Accumulated losses \$	Foreign currency translation reserve \$	Employee equity benefit reserve \$	Other reserve \$	Total equity \$
Balance at 1 July 2020	41,557,528	(37,640,893)	(1,729,745)	403,596	(678,623)	1,911,863
Loss after income tax expense for the period	1	(5)	2	2	-	-
Other comprehensive income for the period, net of tax	-	256,730	-	-	-	256,730
Total comprehensive income for the period	-	-	862	-	-	862
Convertible Note Reserve	-	256,730	862	-	-	257,592
Transactions with owners in their capacity as owners :-						
Share Issue Costs	39,266					39,266
Balance at 31 December 2020	41,596,795	(37,384,168)	(1,728,881)	403,598	(678,623)	2,208,721
Balance at 1 July 2021	41,596,795	(36,405,916)	(1,742,398)	403,598	(678,623)	3,173,456
Rounding Adjustments	-	-	-	-	-	-
Profit after income tax expense for the period	-	6,295,171	-	-	-	6,295,171
Other comprehensive income for the period, net of tax	-	-	(842)	(15,889)	-	(16,731)
Total comprehensive income for the period	-	6,295,171	(842)	(15,889)	-	6,278,439
Share Issue Costs	16,000			-		16,000
Balance at 31 December 2021	41,612,795	(30,110,745)	(1,743,240)	387,709	(678,623)	9,467,896

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the half year ended 31 December 2021

	Notes	31 Dec 2021 \$	31 Dec 2020 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,067,868	2,093,152
Payments to suppliers and employees (inclusive of GST)		(1,656,912)	(1,591,837)
Interest paid		(7,928)	(10,544)
Income tax paid		(4,521)	(3,430)
Receipt of government grant		-	119,577
Net cash flows (used in) / received from operating activities		398,507	606,917
Cash flows from investing activities			
Interest received		265	301
Purchase of plant and equipment		(56,763)	7,861
Net cash flows used in investing activities		(56,498)	8,162
Cash flows from financing activities			
Proceeds from capital raising		(731)	40,128
Proceeds from convertible notes issued		-	-
Proceeds from Borrowings		(63)	-
Net cash flows from financing activities		(794)	40,128
Net increase / (decrease) in cash and cash equivalents		341,214	655,208
Cash and cash equivalents at the beginning of the financial period		2,328,358	1,005,325
Effect of exchange rate changes on cash and cash equivalents		21,491	(28,454)
Cash and cash equivalents at end of period	5	2,691,063	1,632,079

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

for the half year ended 31 December 2021

1 Summary of significant accounting policies

The financial statements cover DataDot Technology Limited as a consolidated entity consisting of DataDot Technology Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is DataDot Technology's functional and presentation currency.

DataDot Technology Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors on 22 February 2022.

Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Amended Standards Adopted by the Group

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group are:

AASB 2021-3 Amendments to Australian Accounting Standards - Covid-19 Related Rent Concessions Beyond 30 June 2021.
AASB 2021-3 do not have a material impact on the Group's financial statements.

In the current half-year, the Group has applied the below amendment to Australian Accounting Standard issued by the Australian Accounting Standards Board (the Board) that are effective for the Group's annual reporting period that began on 1 July 2021. The adoption has had a material impact on the disclosures and/or amounts reported in these financial statements.

Update to Impact of the initial application of AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021

In the prior year the Group adopted AASB 2020-4 Amendments to Australian Accounting Standards – COVID19-Related Rent Concessions that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to AASB 16.

In April 2021, the AASB issued AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021. When the AASB published the amendments to AASB 16 in June 2020, a lessee was permitted to apply the practical expedient to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. Due to the ongoing nature of the COVID-19 pandemic, the April 2021 amendment extends the practical expedient to apply to such payments originally due on or before 30 June 2022.

1 Summary of significant accounting policies (continued)

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022)
- There is no substantive change to other terms and conditions of the lease.

Impact on accounting for changes in lease payments applying the exemption

The Group has applied the practical expedient retrospectively to all rent concessions that meet the conditions in AASB 16, and has not restated prior period figures.

The Group has benefited from a \$10,663 monthly lease payment holiday on its premise at 8 Ethel Avenue Brookvale. The payment holiday reduces payments in the period to 30 June 2021 by \$ 176,130 , and increases in payments in the period to 31 December 2022 by \$ 176,130. The Group has remeasured the lease liability using the revised lease payments and the discount rate originally applied to the lease. The Group continued to recognise interest expense on the lease liability.

Notes to the Financial Statements

for the half year ended 31 December 2021

2 Other Income

	31 Dec 2021	31 Dec 2020
	\$	\$
Interest income	265	301
Government grant*	-	119,576
Profit /(Loss) on Disposal of Assets	-	(33,645)
insurance recovery revenues	4,032	-
Equipment loan income	3,085	-
	7,383	86,232

* There are no unfulfilled conditions or contingencies attached to the grant.

3 Expenses

The consolidated statement of profit or loss includes the following specific expenses :-

Cost of sales

Stock obsolescence	(1,102)	79,157
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Administrative expenses

Net gain / (loss) on foreign currency	9,105	(19,452)
Employee benefits	322,710	330,579
Employee share based expenses	1,250	-
Superannuation expenses	32,253	23,257
Depreciation	21,580	25,956
Amortisation	75,367	73,323
	462,264	433,663

Occupancy expenses

Outgoings / Minimum lease payments	27,370	33,862
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Finance costs

Convertible Notes and Bank loans and overdrafts	-	-
Finance charges payable under finance leases and hire purchase contracts	7,400	10,532
	7,400	10,532

Notes to the Financial Statements

for the half year ended 31 December 2021

4 Fair values of financial instruments

Unless otherwise stated, carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables assume to approximate their fair values due to their short term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

5 Cash and cash equivalents

Reconciliation of cash

Cash at the end of the financial period shown in the consolidated statement of cash flows is reconciled as follows

	31 Dec 2021	30-Jun-21
	\$	\$
Cash at bank and on hand	2,691,063	2,328,358
Bank overdraft	-	-
Balance as per statement of cash flows	<u>2,691,063</u>	<u>2,328,358</u>

6 Income Tax

(a) Major components of tax expenses

		31 Dec 2021	31-Dec-20
		\$	\$
Current income tax expense	6(b)	-	-
Deferred tax	6(c)	(5,790,948)	-
Withholding tax	6(b)	4,521	3,430
Income tax expense		<u>(5,786,427)</u>	<u>3,430</u>

(b) The prima facie tax on loss before income tax is reconciled to the income tax

Profit / (Loss) before income tax expense	508,744	260,160
Net profit / (loss) before income tax expense at the statutory income tax rate of 25% (2021: 26%)	127,186	67,642
Foreign tax rate adjustment	(13,278)	(12,270)
Income not subject to tax	-	(26,130)
Research and development expenditure added back	-	-
Expenditure not allowable	1,002	8,896
Other timing differences	4,431	(26,757)
Tax losses and tax offsets not recognised as deferred tax assets	(119,342)	(11,381)
Withholding tax	4,521	3,430
Aggregate income tax expense	<u>4,521</u>	<u>3,430</u>

(c) Recognised deferred tax assets and liabilities

	31 Dec 2021	30 June 2021
Opening balance	-	-
Unused tax losses brought to account (Australian Group) - 1 July 2021	5,693,397	-
Temporary differences brought to account (Australian Group) - 1 July 2021	159,735	-
Tax losses and temporary differences utilised during period	(62,184)	-
Closing balance	<u>5,790,948</u>	<u>-</u>

Notes to the Financial Statements

for the half year ended 31 December 2021

7 Equity - Contributed equity

	31-Dec-21 Shares	30-Jun-21 Shares	31-Dec-21 \$	30-Jun-21 \$
Ordinary shares	1,243,869,466	1,241,869,466	41,612,795	41,596,795
	Date	No of Shares	\$	
Balance 1 July 2021	1-Jul-21	1,241,869,466	41,596,795	
Issue of Shares	9-Sep-21	2,000,000	16,000	
		1,243,869,466	41,612,795	
Share Issue transactions costs			-	
Balance 31 December 2021		1,243,869,466	41,612,795	

8 Segment Information

Segment descriptions

DataDot has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

Management has reviewed the segments and determined the group is organised into business units based on their product and services and accordingly has two reportable segments. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

Products and services by segment

Two reportable segments have been identified as follows:

DataDotID polymer and metallic microdots containing etched data that is unique to the assets to which the microdots are attached plus other anti theft products.

DataTraceID – a high speed, high security, machine readable system for authenticating materials, products and assets.

Accounting policies and intersegment transactions

The accounting policies used by DataDot in reporting segments internally is the same as those contained in the prior period with the exception of the new policies adopted as disclosed in Note 1. The adoption of these policies did not have a material impact on segment reporting. Intersegment pricing is determined on an arm's length basis. Intersegment transactions are eliminated on consolidation.

The following tables present the revenue, profit/(loss) before tax, assets and liabilities information regarding operating segments for half years ended 31 December 2021 and 31 December 2020

Notes to the Financial Statements

for the half year ended 31 December 2021

8 Segment Information (continued)

Segment Performance

Period ended 31 December 2021

	DataDot	DataTraceID	Eliminations	Total
	\$	\$	\$	\$
Revenue from external customers	1,718,952	106,405	-	1,825,357
Intersegment revenue	5,484	1,185	(6,669)	-
Total revenue	1,724,436	107,590	(6,669)	1,825,357
Gross profit	1,232,325	83,642	-	1,315,967
Depreciation and amortisation	96,947	-	-	96,947
Finance revenue	265	-	-	265
Finance costs	7,400	-	-	7,400
Income tax expense	5,786,426	-	-	5,786,426
Net (loss) / profit after income tax	6,207,235	87,935	-	6,295,170
Segment assets	9,942,856	219,666	-	10,162,523
Segment liabilities	670,361	24,275	-	694,637

Period ended 31 December 2020

	DataDot	DataTraceID	Eliminations	Total
	\$	\$	\$	\$
Revenue from external customers	1,574,204	161,770	-	1,735,973
Intersegment revenue	6,679	93	(6,773)	0
Total revenue	1,580,883	161,863	(6,773)	1,735,973
Gross profit	899,511	49,969	0	949,480
Depreciation, amortisation and disposals	(99,279)	0	-	(99,279)
Finance revenue	301	-	-	301
Finance costs	10,532	-	-	10,532
Net profit / (loss) after income tax	218,051	38,678	-	256,730
Segment assets	3,000,411	76,718	0	3,077,129
Segment liabilities	837,970	30,438	0	868,408

9 Events after the reporting period

Subsequent to the Half Year end on 31 December 2021 and up to the date of this report there have been no material events .

Directors' Declaration

for the half year ended 31 December 2021

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial half year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Ray Carroll - Chairman
22nd February 2022
Sydney

Independent Auditor's Review Report to the Members of DataDot Technology Limited

Conclusion

We have reviewed the half-year financial report of DataDot Technology Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

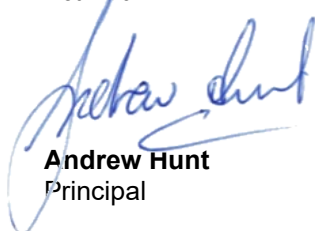
Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Andrew Hunt
Principal

Parramatta

Dated: 22 February 2022