DataDot Technology Limited (Ticker: ASX:DDT)
May 12, 2015

The Future Looks Secure with DataDot Technology

DataDot Technology Limited ("DDT" or the "Company") is headquartered in Sydney, Australia and is listed on the Australian Stock Exchange under symbol DDT. The Company manufactures and distributes products which facilitate asset identification and protection i.e. anti-theft products (DataDotDNA), and authentication and brand protection products (DataTraceDNA) for markets globally. Its technologies are a boon against the burgeoning threat of theft and counterfeiting.

In anti-theft markets, assets are marked with microdots (DataDotDNA) with a unique and individual code. This code is then recorded on a secure database and matched with other asset and ownership identifiers. These databases are open for search by owners and law enforcement.

In anti-counterfeiting markets, products incorporate or apply DataTraceDNA which is a forensic covert taggant technology. It is based on a combined "lock-and-key" system comprising a large number of complex chemical formulations or taggants with spectral signatures in unconventional spectral ranges (the locks) and highly sophisticated detection devices or readers (the keys). The detection device is an easy to use, portable handheld device that does not require any database access and therefore allows instant verification on site and in the field.

DDT’s recent wins in the US and established traction in China place the Company in an enviable position.

Investment Arguments

- **Returns to profitability; in comfortable cash position:** DDT turned EBITDA positive in 1H FY15 (ended December 31, 2014) as it undertook several cost rationalization measures in the US, Australia and Taiwan in FY14, which together with investments made in growth initiatives had impacted profitability that year. Combined with the recent sales force expansion initiatives in the US and Australia, this should provide the much needed fuel for sales and net income growth during the course of calendar 2015 and beyond. Further, the Company successfully completed a financing round of A$2,726,000 in October 2014 at 2.7-cents and is in a comfortable cash position of A$4.1 million as of December 31, 2014 with no significant capital requirements planned.

- **DataDotDNA - Product Development, Industry & Geographic Expansion are on the right track.** DDT originally established a name for itself in the auto industry for its anti-theft technology. Bluechip auto companies in geographies such as South Africa, Taiwan, Poland, Italy and Australia applied DataDotDNA to their brands to reduce theft. About 2 years ago, management determined to implement both horizontal and vertical growth in order to get the Company to the next level, create shareholder value and reduce concentration risk. The US market has been a major focus of this initiative. Efforts to expand DDT’s business in the US are showing strong results thus far, especially in the industrial product sector. DDT has won many contracts with bluechip clients for its anti-theft technology. Two major customers recently won include ConEd and Xcel Energy in the US for protection against copper theft. ConEd is one of the largest energy companies in the US with US$12 billion in annual revenues while Xcel Energy is the largest supplier of wind power in the US. In addition to focusing on the auto and industrials space for DDT’s DataDotDNA

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**Recent News:**

05/06/2015: DataDot appoints Vietnam Institute of Anti-Counterfeiting Technology as an Agent for its technologies in Vietnam

03/17/2015: DataDot’s technology assisted Harley Davidson recover stolen motorcycles during Bike-Week

01/19/2015: DataDot Technology extended its reach into Asia by appointing a distributor for its DataDotDNA and DataTraceDNA products in South Korea

12/03/2014: DataDot Technology USA announced an expansion in the Company’s US Industrial Products sales force

11/03/2014: DataDot Technology raised A$2.72 million for U.S. sales growth

07/31/2014: DataDot Technology announced that Con Edison began a program to prevent copper theft using its DataDotDNA Technology

07/10/2014: Xcel Energy Adopted DataDot’s DataDotDNA Solution

**Shares in Issue:**
747.13M

**Market Cap:**
A$22.41M

**52 Week Range (Low-High):**
A$0.02 - A$0.04
product, DDT created a consumer brand called “CopDots” (www.copdots.com), which allows individual consumers to protect their belongings such as computers and mobile phones with an anti-theft pen applicator or bush kit. DDT is conducting trial programs for this product via a number of retail channels and a major insurer.

- **DataTraceDNA - China and US markets are major opportunities.** DataTraceDNA has established business in the Asia Pacific region (Clients include - Indonesia: a Government owned Utility company; HK: Dolphin produces its casino chips; China: one of the largest alcoholic drink producers, tobacco and spectacle frames manufacturers). In the US, DataTraceDNA was recently granted its first contract by a US Government agency and is running a funded pilot with a major player in the food industry which is expected to be rolled out in late 2015. DataTraceDNA has just added 3 salesmen to its existing capability in the US in recognition of the size and opportunity presented by this market. It is in trials with a number of high value target customers and the Company sees this as a major growth driver in calendar 2015.

- **Bright outlook bolstered by recent contract wins.** The economic conditions in the US and Europe are improving, which should help the Company’s earnings as nearly 50% of its revenues comes from these two regions.

**Company Overview**

DataDot Technology Limited manufactures and distributes asset identification, protection, and authentication solutions. The Company has been in this business for the past 15 years and has a global presence with a primary focus in the US, Asia Pacific, Africa and Europe with its distributors representing over 20 countries.

The Company has developed and continues to develop leading edge technologies that allow assets to be uniquely marked and identified. It’s similar to creating a unique asset-based DNA for products.

DDT’s asset identification technology, DataDotDNA, has a wide product range with potential applications in the automotive, pharmaceutical, marine, clothing, industrial materials sectors and many more.

While there are numerous ways to identify assets, such as a car’s Vehicle Identification Number (VIN); the conventional methods can be easily duplicated. DDT’s technologies are however virtually impossible to reproduce. DDT’s second main product line is DataTraceDNA, a forensic tracer that bonds to the molecular structure of the host material, detectible in very small concentrations by a sophisticated smart reader developed by the Company and the Australian Government’s Commonwealth Scientific and Industrial Research Organisation (CSIRO). DataTraceDNA can be used in various applications such as security printing, government identity documents, currency, pharmaceutical packaging, textiles, paints, concrete and much more. The product is very robust and can handle explosion, fire and extreme heat. DDT customizes DataTraceDNA to each application of its product. For instance, in the agricultural sector, the Company’s Intelliseed enables seed, grain, and other bulk agricultural commodities to be identified. DataThreadDNA is used primarily for the textiles industry by inserting the readable solution into clothing labels. While the counterfeiters are able to copy the clothes and brand labels of products, they can’t readily reproduce the DataThreadDNA.

DataBaseDNA is a DDT product that acts as a back-office database for law enforcement agencies and insurance investigators that collates information of registered assets from various regional databases to one central database.
Key Product Offerings

DataDotDNA

DataDotDNA is a security identification system that utilizes DataDots or microdots to protect property from theft. The microdots are tiny microscopic discs containing a code unique to the property or owner. As small as a grain of sand, this technology is recognized as one of the most effective ways to counter theft and play a crucial role in identification and recovery of stolen goods. The unique code that is etched on the microdot is stored in the Company’s worldwide verification database called DataBaseDNA.

Exhibit 1: DataDotDNA Technology

The Datadots can be sprayed onto an asset and stay for the life of the application that's being secured. The Company has also patented its own unique spraying process, which enables it to spray a complete car in less than 2 minutes. The Datadots can be applied at any point in time on a car – from the point of manufacturing, assembling or after sales through a certified distributor. This product line is most widely used in motor vehicles, motor cycles, trailers, marine craft and personal assets.

DataDotDNA is virtually irremovable and while it is possible to remove the thousands of microdots applied to a product, doing so would be highly cost ineffective and may in fact ruin the value of the underlying asset. In addition, just one microdot is sufficient to identify an item as stolen. Hence, the technology is a considerable deterrent to theft.

Overview of Microdots

The microdots were originally invented by the US military in the 1940s to covertly identify items. Gradually, the technology began to be used for espionage with the grain size dots capable of transmitting important, sensitive information. The technology was only commercially available in the 1990s as a US engineer developed a low cost process to inscribe information onto thousands of microdots.

Microdots were first applied in the casino industry to weed out fake casino chips that manufactured and gambled throughout the world. In 1995 authentic chips were permanently marked with microdots, allowing for them to be distinguishable from the counterfeits.

As the industry developed, a US manufacturer was bought by Australian interests to form DataDot Technology Ltd (DDT). Since then, the DataDot has grown to become a global leader in identification technologies.
DataDotDNA’s Applications

The technology has widespread application across different end user segments. The more popular applications of the product are:

- **Automotive.** DataDotDNA helps protect vehicles against theft. The technology is advanced, easy to apply and cost effective. Thousands of DataDots are sprayed or brushed onto the car at various locations. The unique codes on the microdots are stored onto a secure national database and are accessible by the police if the car is stolen. The DataDots are invisible to the naked eye but can be detected by a UV light and magnifying device. Equipment is marked with a visible warning sticker as a deterrent to potential thieves.

- **Industrial.** DataDot is putting a large emphasis not only the automotive industry, but industrials as well. Some sectors it will focus on are utility, telecommunications, transportation, and oil and gas. The microdots can be applied to the various types of property, plant and equipment within these sectors.

- **Other products.** Given the unique advantages of the DataDotDNA technology, product applications also span across motorcycles, bicycles, household items such as TVs, computers and cameras as well as personal items such as MP3 players, phones and cameras. The technology can also be used for identifying business equipment, tools, and even marine equipment such as a boat or jetski.

Exhibit 2: DataDotDNA Growth Segments

CopDots – DDT’s Entrance into the consumer space

In 2013, the Company announced the launch of CopDots in North America by DataDot Security Solutions Inc., the joint venture formed by the wholly-owned subsidiary DataDot Technology USA Inc. and DataDot Dealer Services LLC of Charlotte NC. The consumer product is comprised of:

- An easy-to-use pen applicator for applying CopDots to personal and household property
- Unique CopDot identifiers in every individual pen applicator
• Secure database registration of property ownership details; and
• 24/7 police access to the ownership database

Doug Muldoon, Chief of Police of Palm Bay Police and President of FBI National Academy Associates, said at the product launch: “CopDots work just like DNA. This product will change the way law enforcement approaches property crime, which is typically the biggest crime statistic in most communities.”

In the automotive space, the Company has arrangements with distributors who market the product to large auto manufacturers, value added resellers who offer a warranty if the consumers car is stolen and not recovered, and directly to the end user. For instance, DDT has gained significant traction in Italy with the technology being applied to most Fiat passenger vehicles that are financed by Fiat. An ideal way for DataDotDNA to gain global traction is through national legislation whereby microdots would be required to be applied to all cars within that country. This structure currently exists in South Africa and Taiwan, and DataDot will focus on working with government officials where possible to have this technology adopted in other countries. This distribution structure allows DataDot global coverage without having the direct cost of a large sales force and supply from strategically located factories owned by the company.

In the industrial space, the Company is focused on selling its DataDotDNA industrial kit directly to the end user in various sectors including telecommunications, utilities, transportation, and oil & gas. DataDot is looking into partnering with distributors to expedite its sales process.

**DataTraceDNA**

DataTraceDNA is a CSIRO (Australian Government R&D agency) developed and patented technology which can bond with the molecular structure of an asset. The technology differentiates from other covert taggant technologies by its superior detection technology that allows not only higher security but lower marking cost per unit in comparison to other taggant technologies. Furthermore, the technology does not require laboratory analysis, withstands high temperatures and the level of security can be customized based on customer requirements. DataTraceDNA can be used in a large number of sectors including gaming, pharmaceuticals, F&B, tobacco and consumer products globally.

**Exhibit 3: DataTraceDNA growth segments**

The Company can also customize the process to easily fit into the manufacturing processes. DataTraceDNA protection works in inks, polymers, paints, coatings, adhesives, concrete, fibre, paper, packaging, film, tape and metal marking.

The product is highly suited for products such as classified documents, currency, security printing, pharmaceutical packaging, part authentication, art and memorabilia, polymers and textiles, etc.
The Company’s growth strategy for the near term is focused on:

- Farming existing relations in gaming, pharmaceuticals, F&B, tobacco, etc.
- Pursue global branded product companies in US, Europe and Asia
- Expand operations in China, especially in the tobacco, consumer products, alcoholic beverages and auto spare parts industries
- Explore global opportunities in the defense industry
- Continue development of reader capability to expand applications in uncontested market segments such as bulk materials

Given the various industries DataTraceDNA can be used in or on, when DDT goes to sell this technology, it deals directly with the end user or brand name to cater to exactly how that company’s product can marked with DDT’s covert taggant solution. DDT would then license its solution and tracker device to that brand name.

Industry Overview

Counterfeiting

An ever increasing global menace

Counterfeiting, piracy and theft are a significant and increasing concern for companies globally. Unauthorized database access across a wide range of industries has become the Achilles’ heel for corporate and governments both. While product sales from authentic goods have grown 50% since the early 1990s, the sales of counterfeit products were estimated to grow by 400% over the same period. The anti-piracy consortium Business Action to Stop Counterfeiting and Piracy (BASCAP) of the International Chamber of Commerce forecasted in 2011 that the global economic and social impacts of counterfeiting and piracy could reach $1.7 trillion by 2015. The Counterfeiting Intelligence Bureau of International Chamber of Commerce believes that counterfeit products make up about 5-7% of world trade. A separate report by the Organization for Economic Co-operation and Development estimated that up to US$200 billion of international trade could have been in counterfeit and illegally copied goods in 2005. Furthermore, the US government estimated that the global value of counterfeit trade in 2008 was US$500 billion, having grown by 17 times over the past 10 years. The most recent estimates available by Havoscope peg the global counterfeit market value at US$653.7 billion with drugs accounting for US$200 billion, followed by electronics (US$169 billion) and software piracy (US$63 billion).

Given the vast estimated size of this menace causing industry, counterfeiting practices have evolved over time to a sophisticated network of organized crime. The malicious impact of counterfeiting is not only in terms of loss of revenue, but it also destroys corporate reputation, disincentives R&D investment, and causes terrorism funding. Further, it also costs loss of livelihood for thousands of people.

Prompting companies to invest in authentication systems

Companies have combated the problem of counterfeiting by embedding various authentication systems into products, such as RFID devices, integrated circuit chips and magnetic strips in ATM cards, among others. As these systems are easily distinguishable, there is a possibility that they can be tampered and/or reverse engineered, limiting their usefulness. The problem of counterfeiting spans across various industries:
Microchips

The supply chains associated with recycled electronics parts has become increasingly complex. In addition, there is a large amount of waste of electronic products, especially in Asia, which gives rise to a copious amount of counterfeiting of microchips and associated electronic parts. In 2011, under the guise of an imaginary OEM, the General Accounting Office issued an RFP for electronic parts. All the seven prototype parts received by GAO were counterfeit. In the over $300 billion semiconductor market, this would amount to $15 billion\(^v\). The proliferation of counterfeit parts in the supply chain has reached unprecedented heights.

The US Department of Commerce conducted a four year study between 2005 and 2008 and revealed that 39% of 387 companies encountered counterfeit in electronic components, microcircuits or circuit boards. According to another estimate, 10% of all electronic equipment sold is counterfeit. Counterfeiters have become adept at passing off bogus parts by leveraging the same technologies utilized for manufacturing authentic parts, for instance laser equipment re-marks\(^iv\).

Textiles and Apparels

Classification of authentic material is of paramount importance for brand owners globally and to governments for facilitating global trade. According to a study, the market value of counterfeit clothing is estimated at $12 billion. Of the counterfeit goods seized by US agencies, apparel accounted for 14\(^v\). Britain’s fashion industry is worth around $57 billion to the economy, but counterfeit clothing and footwear is estimated to cost designer brands and retailers around $5.4 billion each year.

Printing and Packaging

Counterfeiting in printing and packaging products has grown widespread and is a huge concern for consumers, branded manufacturers and government law enforcement agencies. Counterfeiting in the packages industry is a growing cause for concern for companies that spend millions of R&D dollars, while it also put a big blot on their reputation and logos. Counterfeiters have become very sophisticated and it is an arduous task to separate fake packaging from authentic ones. Markets and Markets forecasts the global printing and packaging counterfeiting industry to reach over $128 billion by 2019.

Pharmaceuticals

The pharmaceutical industry has not been able to escape the menace of counterfeiting. Counterfeit, diluted or falsely labeled drugs find their way into the healthcare system posing a huge health concern to patients and financial loss to drug makers. The National Association of Boards of Pharmacy estimates that counterfeit drugs account for 1–2% of all drugs sold in the United States. WHO estimates that the annual worldwide counterfeit drug market is estimated at $20 billion and counterfeit prescription drugs comprise as much as 70% of the drug supply in the world’s most impoverished nations. It is also responsible for related deaths in these countries. In 2012, the WHO reported that in over 50% of cases, medicines purchased over the Internet from illegal sites that conceal their physical address have been found to be counterfeit.

Food and Beverage

Counterfeit goods are a growing problem in the food and beverage industry as the supply chains have expanded globally with ready access to sophisticated manufacturing technologies. There have been instances where long-grain rice has been reported as basmati, Spanish olive oil has been passed off as Italian olive oil and concoctions of industrial solvents and alcohol has been sold off as vodka. Other counterfeit practices have been related to herbal teas, fruit juices and labeled tuna, etc. Fake food and
beverage is a global problem. The National Center for Food Protection and Defense estimates that Americans pay $10 billion to $15 billion annually for fake food — often due to product laundering, dilution and intentionally false labeling.

**Fine art**

Given the expensive, exquisite nature of fine art and collectibles, the industry is significantly exposed to the threat of counterfeiting. New works are created and attributed to a particular artistic period or source, while in some other cases; existing works are modified to increase their value. Such artworks are sold with forged documentation that should otherwise confirm authenticity.

**Theft**

Theft is another major concern for corporations and individuals. One of the main concerns is theft occurring internally by employees and third parties, and it is common throughout the industry that a greater proportion of theft occurs internally. Upon marketing and training employees that this anti-theft technology has been implemented into their products, the Company typically sees a drastic decline in theft. This peril is especially prevalent in the automotive and retail industries.

**Automotive**

Car theft affects people all over the world. Loss of vehicle causes both financial and emotional trauma and it affects not just the individual but also car manufacturers, law enforcement agencies and insurance companies. Car thefts account for about a third of all reported crimes and about 70% of stolen cars are broken apart and dismantled for spare parts while the rest are sold under a false identity.

As of December 2014, Interpol reported to have received 6.8 million records of reported stolen vehicles from 130 different countries
dd. Further, FBI reported that in 2012, a motor vehicle was stolen in the US every 44 seconds and the value of stolen vehicles was worth $4.3 billion.

**Retail**

Retailers generally operate at single digit margins; thus, theft hampers their profitability considerably. Retail theft or shrinkage refers to factors such as shoplifting, employee, supplier and organized retail crimes that cause loss of revenues to retailers. According to the 2013-2014 Global Retail Theft Barometer, the global shrinkage rate was 1.29%, amounting to US$128.5 billion. The top three geographies in terms of shrinkage rate were Mexico (1.7%), China (1.5%) and the US (1.5%).

Of the total decline, employee theft and shoplifting account for two-thirds globally and North America accounts for 80%. Most retailers have adopted conventional methods to prevent theft, such as labels and hard tags, keeper, locked boxes and alarms. However, these methods have not been as effective with the top 10 countries in terms of spend for theft prevention, expending 1.26% of sales, even more than the shrinkage rate (1.22%). The total shrinkage itself has risen by 15% from US$112 billion in 2012-2013
dd.

Loss prevention solutions are increasingly shifting to technology driven measures, along with investing in solutions such as CCTV cameras. Other popular measures are source tagging and staff training.

**Automatic Identification and Data Capture (ADIC)**

DataDot's technology is not the only offered in the wider automatic identification and data capture (AIDC) sector. AIDC is also known as Automatic Identification or Automatic Data Capture and refers to the various methods through which objects can be identified, or data about them can be collected, automatically, i.e. without human intervention.
Technologies considered as part of the AIDC universe are Radio Frequency Identification (RFID), biometrics, magnetic stripes, Optical Character Recognition (OCR), smart cards, and voice recognition.

In these technologies, external data is procured through analysis of images, sounds or videos. Through a transducer, objects such as images are digitized and captured in a computer. The stored file thus captured can be accessed and analyzed or compared with other files in a database to verify identity or to provide authorization to enter a secured system. Technologies such as barcodes, RFID, biodes, OCR, magnetic stripes, smart cards and biometrics facilitate automatic storage of information without human involvement.

In biometric security systems, capture is the acquisition of or the process of acquiring and identifying characteristics such as finger image, palm image, facial image, iris print or voice print which involves audio data and the rest all involves video data.

Radio frequency identification (RFID) is relatively a new AIDC technology which was first developed in 1980s. RFID is widely applied in a range of markets including livestock identification and Automated Vehicle Identification (AVI) systems because of its capability to track moving objects. These automated wireless AIDC systems are effective in manufacturing environments where barcode labels could not survive.

**Growth Factors**

**Superior technology**

DDT’s products are easy to apply and difficult to tamper with. Once the technology is applied it can stay on an asset for the life of that application and require just UV light to be located. Furthermore, the technology does not require laboratory analysis, withstands high temperatures and the level of security can be customized based on customer requirements.

It is practically infeasible, for instance, to remove the thousands of microdotes applied to a vehicle while just one dot is sufficient for correct identification. The launch of the CopDos program in the US and the endorsement of the technology by the police underscores the effectiveness of DataDotDNA.

**Exhibit 4: DataDotDNA OEM Customers - International**

![DataDotDNA OEM Customers - International](image)

Source: Company Presentation

DataTraceDNA is a CSIRO developed and patented technology, which can bond with the molecular structure of an asset. This technology can be used for gaming, pharmaceuticals, F&B, tobacco and consumer products industries globally. Given the
significant counterfeiting issues in these sectors and the effectiveness of this technology, there is a material revenue growth opportunity to be developed out of the US, Chinese and other markets.

**Global footprint can be catapulted by sales and marketing**

Counterfeiting is a multibillion dollar industry that is a serious concern for companies, consumers and the government (for more details please read the Industry Overview section). Thus, the potential demand is considerable and the Company has the right technology to provide solutions across different industries. All it needs is the right marketing tools to catapult its growth. DDT has been doing just that by investing strongly in its sales & marketing by adding 3 new sales representatives in its DataTrace business in the US and Latin America.

The Company expanded its sales force in the US Industrial Products division for its DataDotDNA technology. The Company employed a full-time senior sales executive and two contractors who bring deep industry sales experience and relationships to the Company. In the US alone, the Company is currently exploring over twenty-five opportunities in Industrial Products, which reinforces that companies require technologies for countering the threat of counterfeiting.

The expansion is not just in the US. The Company has also been strategically increasing its presence by targeting global markets. The Company decided to focus on geographies outside the traditionally important US to capitalize on the robust growth offered. During FY 2014, Brazil and France were the geographies it targeted.

Going forward, the Company is looking to roll out the industrial products offering in the UK and other potential markets in 2015. It is also looking to capitalize on the recent regulations by the new Chinese government to clamp down on counterfeiting in the consumer products industry.

The Company will also look to cross sell other technologies, such as DataTraceDNA to existing relationships in alcohol, tobacco, pharmaceutical, automotive and spectacle frame industries. These efforts are likely to bear fruits in the near term.

**Exhibit 5: Presence across 20 geographies and manufacturing in five**

![Map showing global presence and manufacturing sites](image)

*Source: Company Presentation*
Recent adoptions point to a bright outlook

ConEd adopted DDT’s technology to prevent theft of copper cables

In July 2014, Con Edison, a subsidiary of Consolidated Edison, Inc. (NYSE:ED), one of the largest energy companies in the US, with $12 billion in annual revenues and $41 billion in assets, had begun a program to prevent copper theft using DataDotDNA.

ConEd provides utility services, electric, gas and steam to more than three million customers in New York City and Westchester County, New York. ConEd had reported 155 thefts of copper cable from manholes, trucks or other company facilities. ConEd engaged DDT to use its DataDotDNA spray system that leaves microdots on the copper or equipment. Each dot contains a unique identifier, logo or numbered ID that is invisible to the naked eye but can be viewed with a UV light.

Exhibit 6: Key commercial clients

Source: Company Presentation

ConEd would work with the police and review records and dots in conjunction to determine who sold a piece of copper to a scrap yard and where the copper was last stored by ConEd. This was a significant development in implementing DDT’s US metals theft solution strategy.

Xcel Energy adopts DataDotDNA Metals Solution

In July 2014, the Company announced that Xcel Energy, subsidiary, Southwestern Public Service Company adopted its metal theft solution to combat copper and other metal theft from its power grid in North Texas and Eastern New Mexico.

Xcel Energy is the largest supplier of wind power in the US, a substantial supplier of hydro and bio-mass generated electricity, and operator of two nuclear power plants.

Copper theft has been a cause for concern for consumers with theft from the company’s substation and distribution facilities reaching epidemic levels. This has led to financial losses and foregone revenue for power suppliers. Eventually, this is passed onto consumers through higher tariffs, which is in addition to safety risk faced on account of network disruption.

DataTraceDNA shows progress in China

DDT has reported solid progress by its distributor in China that’s marketing its DataTraceDNA:

- DDT is undergoing an extended trial period with a manufacturer of a high volume consumer product made for prominent Western brands that will incorporate DataTraceDNA into its production process.
- DDT also announced in July 2014, that following a trial extending over 12 months, one of China’s largest manufacturers of alcoholic spirits will apply
DataTraceDNA to its bottled product. The Company has altered its production process to incorporate DataTraceDNA in up to one million bottles per week.

- Similarly, a leading tobacco packaging company will incorporate DataTraceDNA in the packaging it supplies to its customers’ tobacco products. Application will commence with a single tobacco brand and will likely be extended across other brands over time.
- DDT is also establishing trials with a parts and component suppliers to China’s auto manufacturing industry.

End-use diversification into other industries

The Company has also made progress towards extending the application of its existing technologies in new industries. For instance, a key initiative taken by the Company was to develop on its DataTraceDNA micro particle product range in targeted sectors such as auto parts, gaming, pharmaceuticals, food, defense and branded consumables. This was imperative to reduce the concentration risk when the revenue is driven from a handful of areas, such as the auto industry, which considerably weakened during the global financial crisis. Recently the Company reported that it is at an advance stage for brand protection trials for a leading consumer products company in the US.

Similarly the Company has aggressive diversification strategy in place for the DataDotDNA technology:

**Australia**

- The Company has entered the industrial space, including launching the National Equipment Register and National Marine Register
- Add theft deterrent system/warranty where appropriate
- Service existing customers, e.g. Club Marine, HSV and Subaru
- Build relationships with insurers and law enforcement
- Explore deployment of DataDot Live in insurance sector

**Asia/China**

- Grow auto OEM
- Expand industrial applications
- Deploy new and improved products

**UK/Europe**

- Develop France as a major market given appointment of distributor
- Promote industrial product through distributors and direct where appropriate
- Pursue auto opportunities

**USA**

- Aggressive market industrial products in utility, telco, oil & gas and transport sectors based on success with Con Ed and Excel Energy. Expand reach through Grainger and other distributors
- Develop additional distribution partners for CopDots using new smaller product design
- Continue to expand US auto market
- Further expand into Canada
US expansion on an uptick

The Company has made strategic investments to serve the utility, telecommunications and oil & gas sectors through its metal theft solution offering. In addition, it also launched CopDots in the US consumer retail market of which the Company is developing additional channels to market for this product. DDT is building significant traction in the US and the recent announcements related to Excel Energy and Con Ed’s adoption of the DataDotDNA anti-theft product are important milestones for the Company. Copper theft in the US is growing and causing loss to corporate productivity and profitability along with a cost to public safety. Insurance claims for stolen air conditioning units alone exceeded $1 billion in 2010. These reputable companies provide a solid basis for DataDot’s sales reps to work off of when it comes to establishing additional clients for its DataDotDNA industrial kit.

In addition, the auto sector, which had led to lackluster performance in the US in the past, is showing strong recovery throughout the nation. This should lead to stronger performance by the Company. Harley Davidson has adopted DataDotDNA as its preferred anti-theft system with the product now rolled out to over 400 dealerships as a start to a national roll out to all its dealers. DataDot’s management has indicated they are witnessing considerable traction for their products and hope to release similar announcements in the future.

DDT’s DataTraceDNA anti-counterfeiting technology has a lot of growth potential throughout the US given the high demand for brand name products. According to Havoscope, counterfeit goods have been recently recorded at over US$900 billion globally on an annual basis of which over US$600 billion accounts for the United States\textsuperscript{viii}. The US stands at number one on the global list for the country with the most counterfeit goods.

Recent fund raising bolsters the Company’s financial position

In November 2014, DDT closed a fund raising initiative at an issue price of $0.027 per share. The total capital raised during this round of fund raising was $2.7 million. In fact, the cash position of the Company as of March 2015 was just over $4 million, which places the Company in an excellent financial position.

The Company will be utilizing these funds to finance additional sales capability for industrial application of DataDotDNA and DataTraceDNA in the US as well as for investing in sales capabilities for DataDotDNA products in Australia. The Company will target the industrial and marine sectors in Australia.

Further, the Company has turned EBITDA positive in 2015, which lifts the pressure of cash burn over DDT; however, the expansion plans in the near term are likely to negatively impact cash flows until offsetting new revenue is brought online.

Cost rationalization to lift margins

DDT has been on a cost rationalization drive in key markets of Australia, Taiwan and the US, which has already led to lower ongoing cost to the business. The Company expects costs to reduce in 2015 on account of rationalization measures adopted in 2014. Combined with higher expected revenue from the industrial division in the US and geographic expansion put the Company in a sweet spot.
SWOT

Strengths

- Recent engagements place Company enviably. DDT has gained considerable traction in the US industrial segment along with several other engagements, which are in the trial stage. This bodes well for the Company’s prospects.

- Cost rationalization already bearing fruits. The Company turned EBITDA positive in the first half of FY15. Combined with anticipated revenue growth, bottom line looks well poised to expand.

- Investment in sales and marketing. DDT has made several adjustments to its operating model as well as making investments in sales and marketing, especially in the US, the largest market for its target industries. And the recent wins with Xcel and ConEd point out that this is a step in the right direction.

- Comfortable liquidity position. The Company was sitting on A$4 million cash as of March 2015, which places it in a comfortable liquidity position to meet committed strategic capital investments.

Weaknesses

- Still not cash flow positive. DDT has still not turned cash flow positive, and is yet to break-even in terms of net profit.

- Revenue growth has been lackluster historically. While the Company is hopeful that revenue growth will pick-up going forward, the past performance has been lackluster. The Company’s revenue has hovered just over the A$7 million mark since 2011. This has been predominantly due to the Company’s almost total exposure historically to the auto sector and the impact the global financial crisis had on that sector.

- Recent investments to be a drag on profits. The recent investments for expanding sales efforts in the US, Australia and elsewhere are likely to be a drag on profits in the near term.

- Europe is still a spot a worry. DDT’s sales in Europe have moved slowly owing to the lingering impact of the global financial crisis, especially in Italy. While the Eurozone is showing green shoots of recovery, DDT’s performance has taken a beating due to the economic slowdown in the region.

Opportunities

- Focus on US auto and industrial sector. The Company has aggressively invested in expanding its sales force, particularly in the US auto and industrial space. This renewed focus should bode well for its prospects in these sectors.

- Europe is emerging out of the crisis. The Eurozone is gradually recovering from the crisis. DDT is also looking to capitalize from this as it established a new distribution center in France. Cross selling opportunity looks lucrative. DDT has been looking to making further inroads into selling other technologies to its existing relationships across several industries. This appears to be a tangible and exciting opportunity.

- Has presence in China; the opportunity is huge. DDT has established presence in all important market of China and Taiwan. While it is witnessing a highly competitive environment in Taiwan, China has been a bright spot. The Company is witnessing strong growth for the DataTraceDNA product, especially from the beverages industry, where counterfeiting is common. The Company is also looking
to develop opportunities for this product in car parts associated with the auto industry in China.

Threats

- **Competition is intense.** The ADIC industry is highly competitive with tagging and microdots technologies being offered by several players. The Company competes with small and regional players. In metal dots it competes with companies from Czech Republic such as Optaglio and Crimistop. Many of its competitors, both in the United States and elsewhere, are major pharmaceutical, chemical and biotechnology companies, or have strategic alliances with such companies, and many of them have substantially greater capital resources, marketing experience, research and development staff, and facilities than DDT. Some of its competitors that operate in the anti-counterfeiting and fraud prevention markets include: American Bank Note Holographics, Inc., Applied Optical Technologies, Authentix, Collectors Universe Inc., Brandwatch, Collotype, Data Dot Technology, De La Rue Plc., Digimarc Corp., DNA Technologies, Inc., ID Global, Inforium AG, Inksure Technologies, Kodak, L-1 Identity Solutions, Media Sec Technologies, opSec Security Group plc., SelectaDNA, SmartWater Technology, Inc., Sun Chemical Corp, Tracetag, Prooftag SAS and Yottamark.

- **Many engagements at trial stage.** Most of its engagements, especially in China, are at a trial stage. If the Company fails to show satisfactory results at the end of the trial period, it may be difficult for it to convert these trials into meaningful revenue streams.

- **Financing risk.** The Company will require additional funds to complete the continued development and commercialization of its products, product manufacturing, and to fund expected additional losses from operations, until revenues are sufficient to cover its operating expenses. If it is unsuccessful in obtaining the necessary additional financing, it may be forced to reduce or terminate its operations.

Financial Performance

Exhibit 7: Latest Income Statement (Consolidated)

<table>
<thead>
<tr>
<th>INCOME STATEMENT (A$ '000)</th>
<th>FY14</th>
<th>FY13</th>
<th>Y-o-Y (%)</th>
<th>H1 FY15</th>
<th>H1 FY14</th>
<th>Y-o-Y (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>7,210.7</td>
<td>7,030.4</td>
<td>3%</td>
<td>3.4</td>
<td>3.6</td>
<td>-5%</td>
</tr>
<tr>
<td>Sale of goods</td>
<td>6,541.6</td>
<td>6,178.9</td>
<td>6%</td>
<td>2,983.9</td>
<td>3,250.2</td>
<td>-8%</td>
</tr>
<tr>
<td>Service and license fees</td>
<td>135.6</td>
<td>297.4</td>
<td>-54%</td>
<td>56.7</td>
<td>61.7</td>
<td>-8%</td>
</tr>
<tr>
<td>Royalties</td>
<td>533.4</td>
<td>554.1</td>
<td>-4%</td>
<td>324.0</td>
<td>246.8</td>
<td>31%</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>3,405.6</td>
<td>3,097.5</td>
<td>10%</td>
<td>1,339.7</td>
<td>1,684.3</td>
<td>-20%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>3,805.1</td>
<td>3,932.9</td>
<td>-3%</td>
<td>2,024.8</td>
<td>1,874.4</td>
<td>8%</td>
</tr>
<tr>
<td>Other income</td>
<td>414.4</td>
<td>511.5</td>
<td>-19%</td>
<td>350.2</td>
<td>248.7</td>
<td>41%</td>
</tr>
</tbody>
</table>

**Expenses**

- Administrative expenses: 4,257.6 (3,346.3) 27% 2,085.7 2,007.8 4%
- Marketing expenses: 524.0 (506.7) 3% 133.1 298.8 55%
- Occupancy expenses: 401.5 (394.5) 2% 176.2 225.8 22%
- Travel expenses: 309.9 (317.4) -2% 91.2 193.8 53%
- Finance costs: 16.9 (48.4) -65% 5.2 11.1 -53%

**Loss before income tax expense** (1,290.3) (169.0) NM (116.5) (614.3) -81%

**Income tax expense/ (benefit)** (4.6) (58.9) NM 13.2 22.1 -40%

**Loss after tax** (1,285.8) (227.9) NM (129.6) (636.4) -80%

**Attributable to:**

- Owners of the Company: (1,285.8) (222.0) NM (129.6) (636.4) -80%
- Non-controlling interest: - (5.9)

**Basic EPS (cents per share)** (0.22) (0.05) NM (0.02) (0.12) -83%

**Diluted EPS (cents per share)** (0.22) (0.05) NM (0.02) (0.12) -83%

Source: Company Filings
DDT’s revenue increased in FY14 by 3% YoY to reach A$7.3 million while EBITDA came in at a loss of A$0.8 million. The financial performance reflected the cost of rebuilding the Company post the global financial crisis and de-risking through diversification away from the auto sector. The investment and non-recurring costs of these initiatives are reflected in the profitability for the year, with encouraging underlying revenue growth evident during the year.

Losses increased in FY14 significantly as the Company incurred one-time costs associated with its rationalization efforts initiatives related to its subsidiaries in Australia, Taiwan and the US during the year.

The revenue has started to look up from the US industrial segment with the adoption of DDT’s technology by Xcel and ConEd. Thus, the revenue outlook for FY15 is bright. The cost rationalization efforts are expected to lead to better margins in FY15, which combined with higher revenue growth should lead to strong growth in the bottom-line.

During the year, DDT acquired DataDot Security Solutions Inc and further invested in the US by developing the business in the utility, telecommunications and oil and gas sectors using its metal theft solution (Industrial Solutions) as the core offering.

The Company reclassified the research and development grant received and receivable from the Australian government in financial year 2013 and financial year 2014 as other income. In terms of employee share based payments, it was discovered in the prior period that employee share based payments expense had been incorrectly reversed directly to accumulated losses rather than through the statement of profit or loss. This resulted in the loss for the year ended 30 June 2013 being overstated by $67,857.

The Company is pleased with the performance during H1 FY15 as it is focused on improving the profitability of its existing business. DDT turned EBITDA positive in the first six months of the financial year. In addition, with the Company now focused on revenue growth, the outlook for FY15 is positive.

Exhibit 8: Balance Sheet

<table>
<thead>
<tr>
<th>BALANCE SHEET (A$ '000)</th>
<th>FY14</th>
<th>FY13</th>
<th>Y-o-Y (%)</th>
<th>H1 FY15</th>
<th>H1 FY14</th>
<th>Y-o-Y (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,994.2</td>
<td>897.4</td>
<td>122%</td>
<td>4,182.2</td>
<td>1,994.2</td>
<td>110%</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>1,078.1</td>
<td>1,173.2</td>
<td>-8%</td>
<td>1,639.1</td>
<td>1,078.1</td>
<td>52%</td>
</tr>
<tr>
<td>Inventories</td>
<td>1,063.5</td>
<td>1,136.6</td>
<td>-6%</td>
<td>954.9</td>
<td>1,063.5</td>
<td>-10%</td>
</tr>
<tr>
<td>Grant receivable</td>
<td>363.7</td>
<td>308.0</td>
<td>18%</td>
<td>259.7</td>
<td>363.7</td>
<td>-29%</td>
</tr>
<tr>
<td>Current tax</td>
<td>7.4</td>
<td>4.0</td>
<td>84%</td>
<td>30.4</td>
<td>7.4</td>
<td>310%</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>4,506.9</td>
<td>3,519.2</td>
<td>28%</td>
<td>7.1</td>
<td>4.5</td>
<td>57%</td>
</tr>
<tr>
<td><strong>Non-Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>776.3</td>
<td>906.0</td>
<td>-14%</td>
<td>834.9</td>
<td>776.3</td>
<td>8%</td>
</tr>
<tr>
<td>Intangibles</td>
<td>3,775.1</td>
<td>3,295.0</td>
<td>15%</td>
<td>3,916.1</td>
<td>3,775.1</td>
<td>4%</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td>4,551.4</td>
<td>4,200.9</td>
<td>8%</td>
<td>4.8</td>
<td>4.6</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>9,058.3</td>
<td>7,720.2</td>
<td>17%</td>
<td>0.0</td>
<td>0.0</td>
<td>30%</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>788.1</td>
<td>914.2</td>
<td>-14%</td>
<td>804.3</td>
<td>788.1</td>
<td>2%</td>
</tr>
<tr>
<td>Borrowings</td>
<td>89.0</td>
<td>437.7</td>
<td>-80%</td>
<td>33.0</td>
<td>89.0</td>
<td>-63%</td>
</tr>
<tr>
<td>Income tax</td>
<td>-</td>
<td>11.5</td>
<td>-100%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>292.6</td>
<td>294.4</td>
<td>-1%</td>
<td>238.5</td>
<td>292.6</td>
<td>-19%</td>
</tr>
<tr>
<td>Provisions</td>
<td>71.5</td>
<td>71.5</td>
<td>0%</td>
<td>71.5</td>
<td>71.5</td>
<td>0%</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>210.3</td>
<td>73.4</td>
<td>187%</td>
<td>134.3</td>
<td>210.3</td>
<td>-36%</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>1,451.5</td>
<td>1,802.6</td>
<td>-19%</td>
<td>1.3</td>
<td>1.5</td>
<td>-12%</td>
</tr>
<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>-</td>
<td>52.8</td>
<td>-100%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>2.2</td>
<td>2.5</td>
<td>-13%</td>
<td>30.3</td>
<td>2.2</td>
<td>1280%</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>373.9</td>
<td>248.5</td>
<td>50%</td>
<td>442.2</td>
<td>373.9</td>
<td>18%</td>
</tr>
<tr>
<td><strong>Total Non-Current Liabilities</strong></td>
<td>376.1</td>
<td>303.8</td>
<td>24%</td>
<td>0.5</td>
<td>0.4</td>
<td>26%</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>1,827.6</td>
<td>2,106.4</td>
<td>-13%</td>
<td>0.0</td>
<td>0.0</td>
<td>-4%</td>
</tr>
<tr>
<td>Net Assets</td>
<td>7,230.7</td>
<td>5,613.8</td>
<td>29%</td>
<td>10,063.1</td>
<td>7,230.7</td>
<td>39%</td>
</tr>
</tbody>
</table>
In the period since balance date the Company has raised more than $2 million in additional capital to fund business development initiatives.

- On 13 October 2014, $1.89 million was raised by issuing 70 million ordinary shares at 2.7 cents per share in a placement to sophisticated and professional investors.
- In November 2014, the Company also offered eligible shareholders the opportunity to participate in a Share Purchase Plan (SPP) that is capped at $1 million. Under the SPP, eligible shareholders may subscribe for a maximum of $15,000 in ordinary shares at 2.7 cents per share.

Thus, DDT had more than A$4 million cash available as of March 2015, which places it in an excellent position to move forward with its strategic initiatives during the year.

**Key Risk Factors**

- **Operating risk.** The Company has not been able generate profits till date while it continues to build traction to build significant revenue growth. There is considerable uncertainty related to this industry with several competing technologies in the offing. This makes it difficult to evaluate its future prospects. Several of its alliances are at trial stage and failure to establish feasibility of its products may affect it adversely.

- **Share dilution risk.** The Company will look to raise funds through the issuance of debt or additional shares. Issuance of new equity will dilute the percentage ownership of existing shareholders.

- **Financing risk.** The Company will require additional funds to complete the continued development and commercialization of its products, product manufacturing, and to fund expected additional losses from operations, until revenues are sufficient to cover its operating expenses. If it is unsuccessful in obtaining the necessary additional financing, it may be forced to reduce or terminate its operations.

- **General economic risk.** A general weakening or decline in the global economy or may have serious negative consequences for the Company. Since its customers incorporate its products into a variety of consumer goods, the demand is subject to worldwide economic conditions and their impact on levels of consumer spending. Although global economic conditions have improved somewhat since the extreme economic contraction in fiscal years 2008 and 2009, there is still significant uncertainty in the global economy, and there is no guarantee that the global economy will remain in this improved state.

- **Business disruption.** DDT’s operations could be subject to earthquakes, power shortages, telecommunications failures, cyber-attacks or other vulnerabilities in its computer systems, terrorism, water shortages, tsunamis, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics, political or economic instability, and other natural or manmade disasters or business interruptions. The occurrence of any of these business disruptions could seriously harm its revenue and financial condition.

- **Technological obsolescence.** Rapid technological changes and frequent new product introductions are typical for the markets the Company serves. If DDT fails
to introduce new and innovative products, it may lose market share, which will be difficult or impossible to regain. Also, the Company may experience delays in the development and introduction of products.

- **Sales and marketing support.** The Company may not be able to sufficiently build out a distribution network or enter into arrangements with qualified distributors on acceptable terms. If it is unable to develop greater distribution capacity, the Company may not be able to generate sufficient revenue to support its operations.

- **Management risk.** The Company is highly dependent on its core management, beginning with its Chairman Bruce Rathie. If any key management personnel exit the Company, it may be very difficult for the Company to execute its strategy, especially because the Company is at a nascent stage at present.

- **Currency risk.** The Company earns revenues in various currencies outside Australia while its reporting currency is the A$. An adverse movement in the currencies would impact the Company's revenues significantly.

**Shareholder Composition**

DataDot has established a solid shareholder register with a total investor base of over 3400 individuals or groups. The top 20 investors hold 25% while management and board members owning 6.63%.

**Exhibit 9: Major Shareholders**

<table>
<thead>
<tr>
<th>Shareholder Group</th>
<th>Holding %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thorney Investments</td>
<td>5.55%</td>
</tr>
<tr>
<td>Rathie Investments (insider)</td>
<td>4.06%</td>
</tr>
<tr>
<td>Bannaby Investments</td>
<td>3.41%</td>
</tr>
<tr>
<td>Dixon Trust</td>
<td>3.32%</td>
</tr>
<tr>
<td>Colin Hwang</td>
<td>3.15%</td>
</tr>
<tr>
<td>CSIRO</td>
<td>1.82%</td>
</tr>
<tr>
<td>Management &amp; Board</td>
<td>6.63%</td>
</tr>
<tr>
<td>Top 20 Holders</td>
<td>33.8%</td>
</tr>
</tbody>
</table>

Source: Company Presentation

**Management & Board of Directors**

The management team has been adjusted in line with the Company’s expectations and requirements going forward, including the appointment of a CEO and COO to the expanding US business. Reporting lines have been redefined to support the key business plan objectives of revenue growth, product development and costs efficiencies.

**Directors**

**Bruce Rathie, Executive Chairman**

Mr. Rathie joined the board as a non-executive Director and Chairman on 16 October 2009 and was appointed Executive Chairman in January 2012. He has held several senior positions in investment banking and commercial law including: Managing Director, Jardine Fleming Australia Capital Ltd; Director, Corporate Finance, Ord Minnett Inc; and Director, Investment Banking, Salomon Brothers/Salomon Smith Barney Australia.

In addition to listed Directorships below, Mr. Rathie is Chairman of eftpos Payments Australia Limited and a Director of Capricorn Society Limited. He is Chairman of the Remuneration and Nomination Committee and a member of the Audit and Risk
Management Committee. In the last four years Mr. Rathie has also served as a director of the following listed companies:

- PolyNovo Limited - Appointed February 2010
- USCOM Limited - Appointed December 2006; Resigned August 2011

Gary Flowers, Independent Non-Executive Director

Mr. Flowers joined the Board as a non-executive Director on 27 November 2007. Until 2007 Mr. Flowers was Managing Director and CEO of Australian Rugby Union, CEO of SANZAR and a Council Member of the International Rugby Board. More recently he has been Chief Operating Officer of the Mirvac Group, Chairman of Mirvac Hotels Limited and a non-executive Director of Etihad Stadium Limited. He was previously National Managing Partner of Sparke Helmore Lawyers.

He is currently Chairman of Mainbrace Constructions Pty Limited, Chairman of SkyFii Limited and a Director of Sparke Helmore Lawyers. He is Chairman of the Audit and Risk Management Committee and a member of the Remuneration and Nomination Committee.

Alison Coutts, Independent Non-Executive Director

Ms Coutts joined the Board as a non-executive Director on 1 July 2010. Ms Coutts has degrees in Chemical Engineering and Business Administration, a Graduate Diploma in Biotechnology and extensive experience across a number of industry sectors and disciplines. This includes international engineering project management with Bechtel Corporation in the UK, USA and NZ, strategy consulting, management training and organizational structuring with Boston Consulting Group, and executive search with Egon Zehnder.

Ms Coutts is Chair and acting CEO of NuSep Holdings Limited and formerly Chair of CSIRO’s Health Sector Advisory Council. She is a member of the Audit and Risk Management Committee and a member of the Remuneration and Nomination Committee. During the past four years Ms Coutts has served as a director of the following listed company:

- NuSep Holdings Limited - Appointed December 2013.
- Viculus Limited - Appointed May 2014.

Graham Loughlin, Company Secretary

Mr. Loughlin joined DataDot in December 2004 as Manager of Corporate Strategic Development and was appointed Company Secretary in January 2005. He was previously General Manager, Strategy and Business Development, of Credit Union Services Corporation (Australia) Ltd and a director of several of its subsidiary companies.

He has been a Member of the Australian Payments System Council and Australian Housing Council and a non-Executive Director of JetSet Tours (SA) Limited, Data Advantage Limited and Police Bank Limited. Mr. Loughlin was formerly Executive Assistant to the Premier and Treasurer of South Australia.
Senior Management

Jim McCallum, CEO, DataDotDNA North America

Jim McCallum brings over 20 years of leadership and executive management experience spanning the technology, enterprise and digital media industries. He is a veteran who has expertise in a broad range of disciplines including corporate strategy, operations, business development, sales and product marketing.

Prior to DataDot Technology Mr. McCallum served as Vice President of Business Development at Ericsson, the global leader in cellular networks and digital solutions. Previously he served as SVP General Manager of North America and EMEA for Visionbytes, an international web and mobile video technology company. Jim also held management positions at VeriSign, Pathfire and Cox Enterprise. Jim holds a Bachelor of Science Degree from Susquehanna University and is a member of the Atlanta Technology Development Center (ATDC) in Atlanta, GA.

Dr Gunther Schmidt, Managing Director, DataTraceDNA

Dr. Gunther Schmidt brings over 20 years of international leadership and executive management experience in the B2B and consultancy environment in a wide range of industry segments. He was involved in various corporate functions as Corporate Strategy, Business Development, Sales & Marketing, Change Management, Innovation Management, Product Development, Market Due Diligence, Post Merger Integration and Supply Chain Management.

Prior to DataDot Technology, Dr. Schmidt was Partner and MD of the boutique consultancy house Synidea AG, specialized in Business Innovation. Previously he worked as management consultant at Management Engineers, Germany and in various marketing functions at Bayer AG and General Electric. Gunther holds a PhD in Natural Science from University of Hamburg, Germany.

Andrew Winfield, Managing Director, DataDotDNA UK/Europe

Andrew Winfield has a strong background in B2B sales in the last 18 years, having previously been involved with automotive engineering. His experience ranges through the automotive, oil and gas, and utilities sectors where he has successfully built up sales in the European and other global markets marketing technically specialized equipment via distributor networks and key customer accounts.

Prior to DataDot Technology, Mr. Winfield was head of export Sales for a company supplying capital equipment in the water and oil and gas sector. His key role in developing strategy, and leading the sales team were instrumental in taking the business from 10m GBP T/O to over 30m GBP in just under 3 years.

Andrew has responsibility for running the European factory facilities in the UK, as well as utilizing his experience to re-energize the European market for DataDot technology to maximize its potential in this complex market, through both effective distributor management and expansion of direct customer links. Andrew holds a Bachelor of Engineering Degree from Middlesex University in London, UK.
Disclaimer

Some of the information in this report relates to future events or future business and financial performance. Such statements constitute forward-looking information within the meaning of the Private Securities Litigation Act of 1995. Such statements can be only estimations and the actual events or results may differ from those discussed due to, among other things, the risks described in DataDot Technology Ltd. reports. The content of this report with respect to DataDot Technology Ltd. has been compiled primarily from consultations and, information provided by DataDot Technology Ltd. and information available to the public released by DataDot Technology Ltd. through news releases and SEC (if applicable) or other actual government regulatory filings. Although RBMG may verify certain aspects of information provided to it, DataDot Technology Ltd. is solely responsible for the accuracy of that information. Information as to other companies has been prepared from publicly available information and has not been independently verified by DataDot Technology Ltd. or RBMG. Certain summaries of scientific or other activities and outcomes have been condensed to aid the reader in gaining a general understanding. For more complete information about DataDot Technology Ltd., the reader is directed to the Company’s website at http://www.datadotdna.com. RBMG is an investor relations firm the operations of which seek to increase investor awareness to the small cap community. RBMG research analysts do not invest in or own shares of companies analyzed and reported on by them. RBMG is not responsible for any claims or losses sustained by an investor resulting from any of its reports, Company profiles or in any other investor relations materials disseminated by them. This report is published solely for information purposes and is not to be construed as advice designed to meet the investment needs of any particular investor or as an offer to sell or the solicitation of an offer to buy any security in any state. Investing in the Stock Market past performance does not guarantee future performance. This report is not to be copied, transmitted, displayed, distributed (for compensation or otherwise), or altered in any way without RBMG's prior written consent. RBMG is not compensated for the analytical research and evaluation services that were performed in connection with the preparation of this report for DataDot Technology Ltd.; but RBMG has received stock compensation (US$55,000 worth) in exchange for other segregated services.

We strongly urge all investors to conduct their own research before making any investment decision.
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