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FY2017 AGM Presentation



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FY 2017

OPERATING HIGHLIGHTS



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Business Performance

	2013	2014	2015	2016	2017
REVENUE	A\$2.8M	A\$8.4M	A\$15.1M	A\$20.8M	A\$21.5M
GROSS MARGIN	50%	49%	44%	30%	46%
ADJUSTED EBITDA	(A\$16.74M)	(A\$8.55M)	(A\$4.47M)	(A\$5.28M)	(A\$2.95M)
LOSS AFTER TAX	(A\$23.20M)	(A\$11.80M)	(A\$6.44M)	(A\$7.03M)	(A\$6.48M)
EPS (cents)	(13.57)	(4.39)	(1.57)	(1.51)	(1.29)

- Marginal increase in revenue (with Postal and Logistics projects in roll-out phase)
- Improvement in EBITDA due to improved gross margins as sales mix shifts to higher value offerings
- Net Loss includes A\$2.2M in depreciation and amortization and a A\$1.3M impairment



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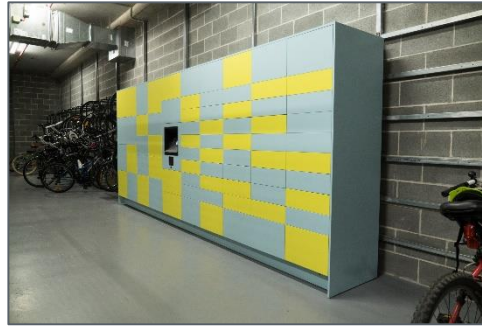
FY2017 Results

Our Business

IXP



PAD (Smart Locker)



POSTAL



- Data Centre Cabinet Security business

- Smart Lockers for Corporate, Educational, Residential
- Includes Package Lockers, Day Lockers, Inventory Lockers
- Higher margin business

- Smart Lockers for Postal and Logistics customers and retail (Click and Collect) customers
- Usually tender driven
- High volume, lower margins



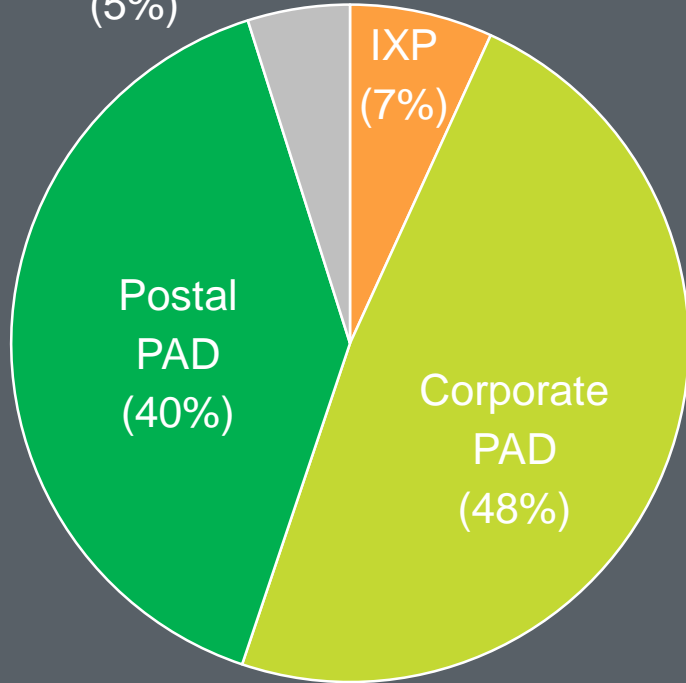
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Business Definition

Shift in Sales Mix

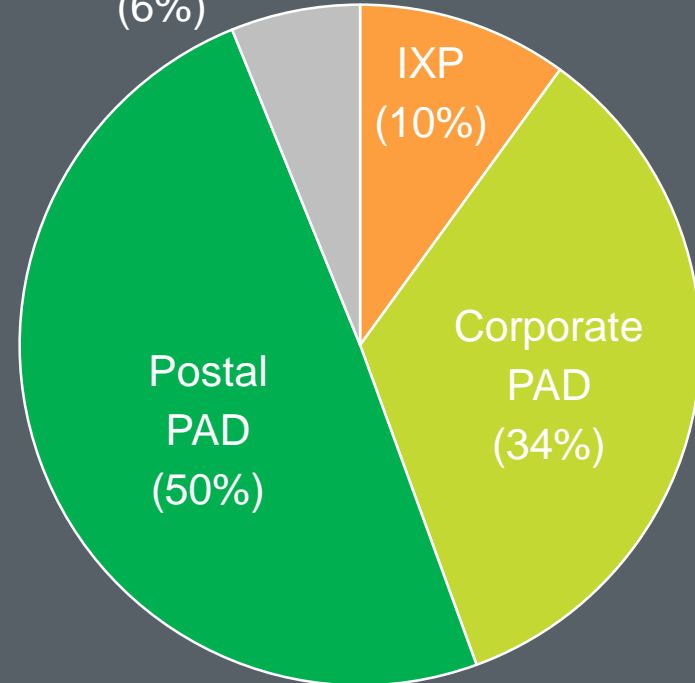
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Design Services
(5%)



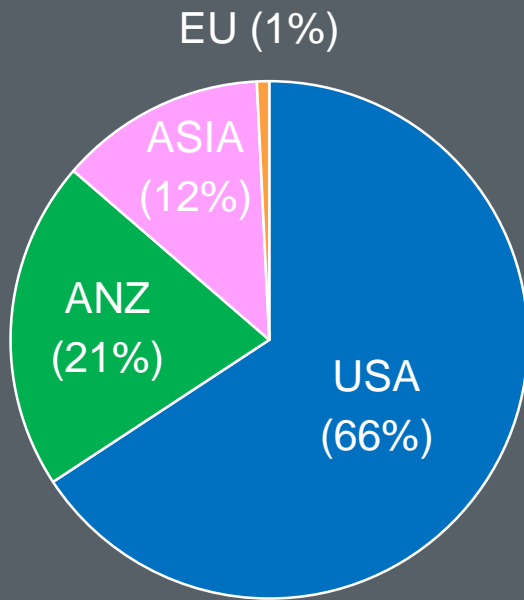
FY 2017 Sales Mix
(46% GM)

Design Services
(6%)

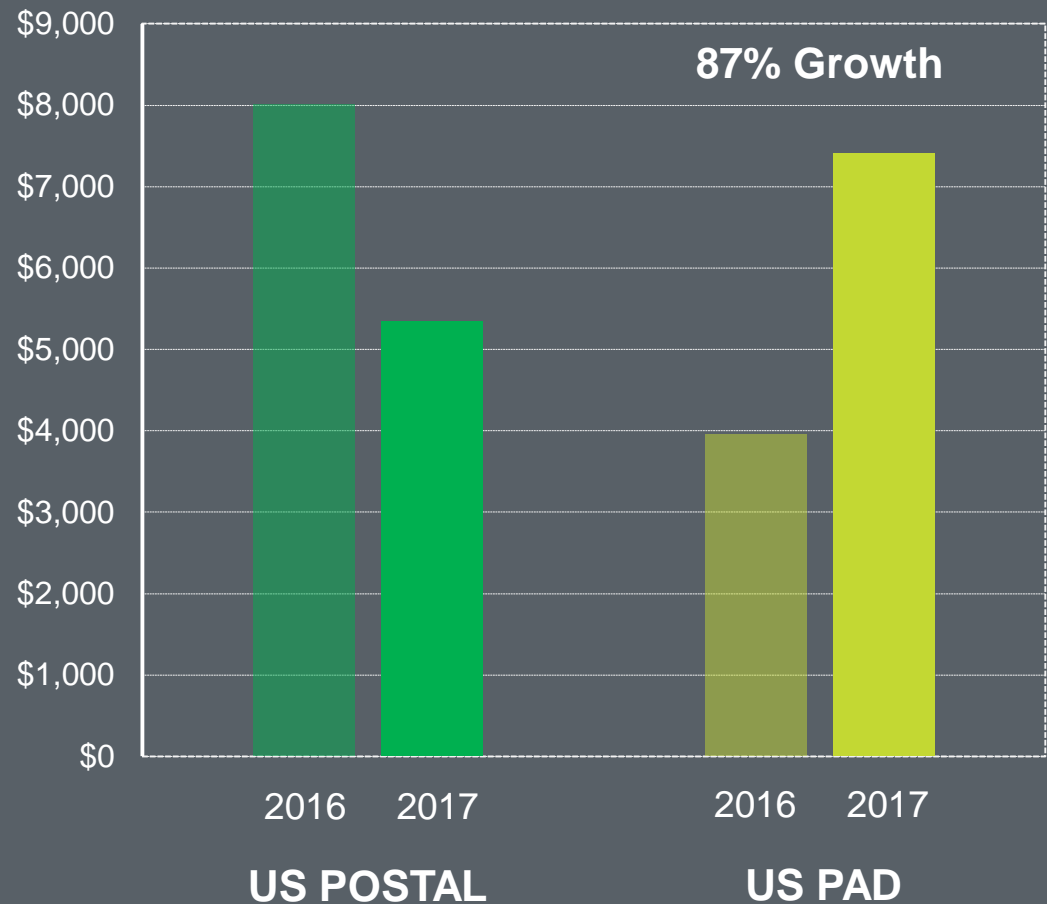


FY 2016 Sales Mix
(30% GM)

Growth in PAD



- USA success is key to revenue growth
- Strong USA growth in high margin offerings
- ANZ and ASIA sales consistent
- EU – no participation as yet



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Mail Management

Day Locker

Inventory Management

Postal and Logistics

Residential

University Campus

FY2017 Takeaways

- Focused on commercialising Smart Locking Device technology in two main sectors ... Data Centre Cabinet Locking (IXP) and Smart Lockers (PAD and POSTAL)
- The primary business directive has been revenue growth to establish market presence, create market awareness and deliver track record of application performance.
- The Company has successfully established itself as a leader in these two areas of participation with a retained customer base of credible global brand leaders.
- Investment has been ahead of the curve to support growth ambitions including but not limited to transition to low cost, scalable device manufacturing ex-China, Asian sourcing and supply, standardisation of software platforms and system engineering designs.
- Revenue growth has come through large volume tender based supply contracts which has proven track record but were secured at lower margins.
- Due to the scale of the projects, this has driven the need for further investment in resources and product development (HW and SW) to support implementation which has impacted the Company's operating cash requirements and profitability.

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Key Business Insights

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FY 2018

BUSINESS OUTLOOK



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FY2018 Board Restructure

- Restructure of the Board ...
 - Ken Ting resignation – September 2017
 - Paul Casey retirement at FY2017 AGM
 - Mark Bouris transition to non-executive chairman with retirement at FY2018 AGM
- Appointment of Managing Director, John Wilson in September 2017
- Appointment of Non-Executive Director, Graham Lenzner in September 2017
- Appointment of Company Secretary, Craig Sowden (CFO) in September 2017
- Establishment of Risk and Audit Management Committee under chair, Graham Lenzner
- Establishment of Remuneration and Nomination Committee under chair, Graham Lenzner
- Seeking new Non-Executive Director to join the Board

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FY2018 Changes

FY2018 Focus – EBITDA Positive

1

Grow Revenue Profitably

- Grow existing business:
 - Focus on US market – Corporate, Educational, Retail, Residential
 - Establish EU market
 - Grow AU market beyond Day Locker business
 - Expand ASIA beyond POSTAL offering – Singapore Post, Pos Malaysia
- Expand into new sectors outside IXP and PAD.
- Explore licensing partnerships

2

Maximise Gross Margin

- Implement stronger Supply Chain management principles
- Implement manufacturing cost reduction initiatives:
 - Proprietary Products Radial, New Devices
 - System Solutions IXP, PAD, POSTAL
- Upgrade electronics to next generation device standards ... provide for more efficient implementation
- Improve visibility on project margins ... project accounting

3

Manage Operating Cost Base

- Board restructure ... savings in corporate overhead
- Align organisational structure to business ... reduction in head count
- Implement stronger fiscal controls and policies

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FY2018 Objectives