

Virtual Investor Presentation  
December 22, 2017  
[www.dsssecure.com](http://www.dsssecure.com)



NYSE American: **DSS**

**DSS**

SECURITY WISE. **BRAND SMART.**

# Forward-Looking Statements



*Forward-looking statements that may be contained in this presentation, including, without limitation, statements related to the Company's plans, strategies, objectives, expectations, potential value, intentions and adequacy of resources, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act and contain words such as "believes," "anticipates," "expects," "plans," "intends" and similar words and phrases.*

*These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from the results projected in any forward-looking statement. In addition to the factors specifically noted in the forward-looking statements, other important factors, risks and uncertainties that could result in those differences include, but are not limited to, those disclosed in the "Risk Factors" section of the Company's Annual Report on Form 10-K for the year ended December 31, 2016, filed with the Securities and Exchange Commission on March 24, 2017. Forward-looking statements that may be contained in this presentation are being made as of the date of its release, and the Company assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those projected in the forward-looking statements.*

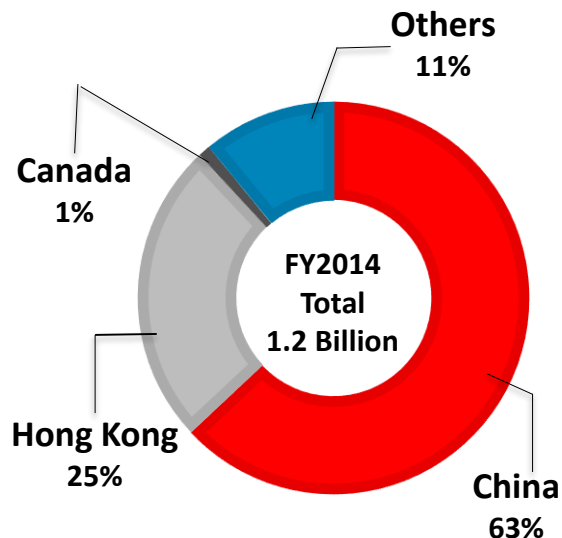
# Counterfeit Products - a Global Epidemic

- 10% of Global GNP is counterfeit goods<sup>1</sup>
- Counterfeiters will produce \$1.7 trillion in fake products worldwide in 2017<sup>2</sup>
- The total global *Anti-Counterfeiting Packaging Market* is projected to grow from \$107.26 billion to \$206.57 billion by 2021<sup>3</sup>

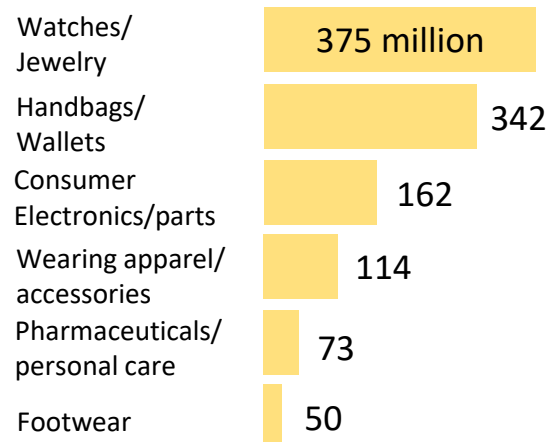
## Faking It

A look at the composition of counterfeits coming onto the U.S. that are seized by authorities<sup>4</sup>

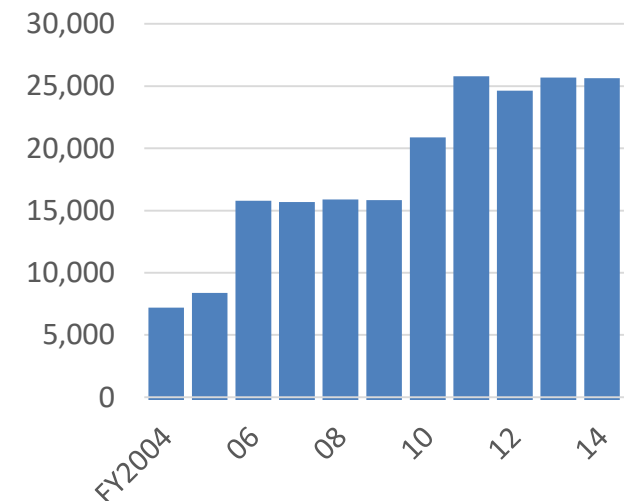
Where do they come from?



What are most common fakes seized (FY2014)?



Total number of seizures



# If You Buy It, They Fake It - a Consumer Crisis



October 16, 2017

*"Fake Prescription Drugs Causing Overdose Deaths in Portland Area"*



August 31, 2015

*"Deadly Fake Viagra: Online Pharmacies Suspected of Selling Counterfeit Drugs"*



October 6, 2017

*"Warning Over Fake Lipstick Sold on eBay and Facebook That Could Trigger Serious Heart Problems – and Harm Your Unborn Baby"*



October 17, 2017

*"Fatal Elephant Tranquilizer Found In Counterfeit Painkiller Pills"*



April 28, 2017

*"Criminals in Jamaica Making and Selling Potentially Deadly Fake Rum"*



May 29, 2012

*"Fake Chinese Electronics Threaten U.S. Defense, Failures Would Prove Catastrophic for Soldiers, Airmen"*



October 17, 2017

*"Warning After Hundreds of Counterfeit Mobile Phones with Hazardous Chargers are Seized"*



August 7, 2017

*"Counterfeiting of food products results in health hazards and even death. Key food items such as baby milk powder and fake medicines have been the cause of thousands of deaths since 2014"*



October 23, 2016

*Apple: Nearly 90% Of 'Genuine' iPhone Chargers On Amazon Are Counterfeit*

# Our Expertise: Anti-Counterfeiting & Fraud Protection

- Our technologies lie at the heart of the Brand and Consumer Protection Industry - which addresses the \$1+ trillion product counterfeiting problem
- 25 years of development and applications
- Our proprietary digital technologies, backed by numerous patents, are trusted by corporations, governments and financial institutions around the world
- Our printed solution technologies control, deter & prevent copies and scans of critical documents, textbooks, ID's
- We continuously invest in R&D to remain leaders in our market and have a broad IP portfolio.
- If they make it, we can protect it!

## INDUSTRY LEADING BRAND PROTECTION

Security  
Mark



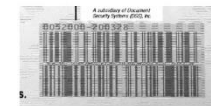
Application



Database



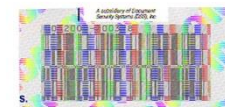
Original



Copy



Scan



# Our Revenue Channels

## Digital Solutions



Enable Personnel & Consumers  
To Easily Authenticate Products

- Next-generation brand protection solution
- Integrates print security, mobility, & data capture technologies
- SaaS licensing model

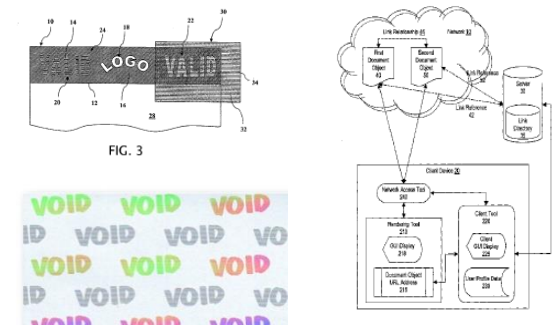
## Secured/Printed Products



Manufacture  
Secure Printed Products

- Deliver custom security printing, packaging and ID card products to end-user customers
- Supports licensing business

## IP Licensing & Monetization



Develop, Acquire  
& License Technology

- Expand market reach of technologies
- Creates partners to enhance capabilities for customers
- Enter new markets



## **1** Digital Solutions    **2** Secured/Printed Products    **3** IP Licensing and Monetization

### **AuthentiGuard®**

- Product development since October 2012, \$2 million R&D budget (patent protected)
- Authenticates packaging and printed material through a mobile application
- Targets the global Brand Protection Market estimated to reach \$3.8 billion in 2018<sup>1</sup>
- Protection for consumer products, food & beverage, parts & industrial components, pharmaceuticals, health & personal care
- Mobile authentication tool, provides consumers or supply chain personnel with the ability to authenticate
- Generates large amounts of data on consumer habits, as well as security breaches in the field

### **Competitive Advantages**

- Secure marking technology utilizes standard printing process
- Patented technology is resistant to copying, scanning and high resolution photography
- Provides a direct connection to consumers through mobile application
- Our solutions do not require installation of additional equipment or modification of any manufacturing processes

## 1 Digital Solutions   2 Secured/Printed Products   3 IP Licensing and Monetization

AuthentiGuard is comprised of three key components that work together to secure products



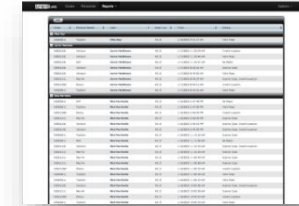
### The Mark

Developed from our patented Prism technology and printed onto target product during normal printing processes, the AuthentiGuard mark, which is resistant to copying, scanning and hi-res photography, contains an embedded code that holds limitless amounts of information and data.



### The Application

Customizable in functionality, look and feel, this application reads the Mark's encrypted information, determines its authenticity, and delivers alerts and information directly to the user. Application can be used by any authorized member of supply chain, including consumer.



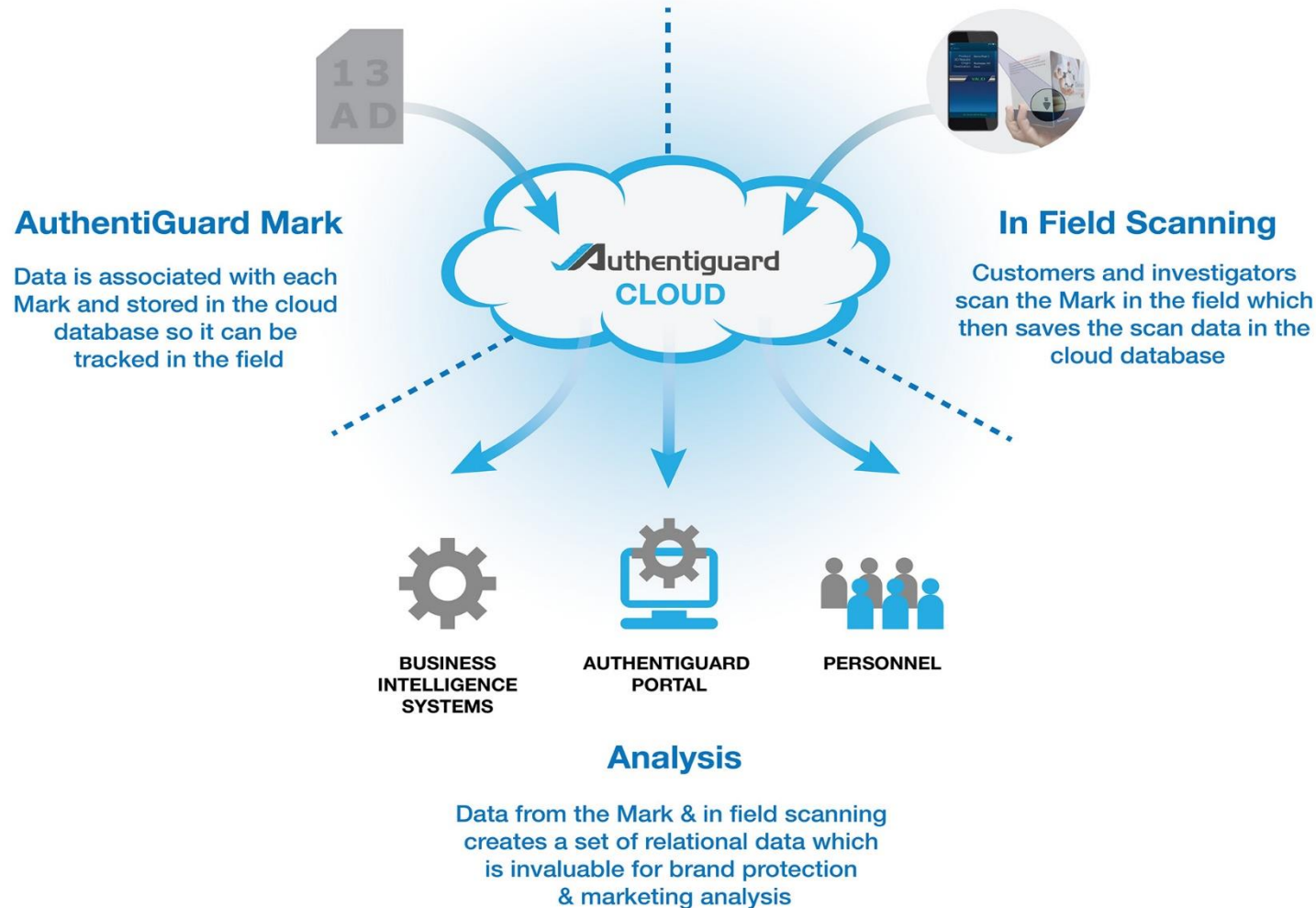
### The Database

This online tool gives brand owners access to the real-time data collected from the Application reads from anywhere in distribution channel, as well as providing management access to their AuthentiGuard program.



# Authentication in Action

- 1 Digital Solutions**    2 Secured/Printed Products    3 IP Licensing and Monetization



# Secured/Printed Products

## 1 Digital Solutions    2 Secured/Printed Products    3 IP Licensing and Monetization

In the 2013-2014 fiscal year, agents with the U.S. Secret Service \$88.7 million in counterfeit dollars within the U.S. Nearly 60% of the fake dollar bills seized were made by using inkjet or laser printers.

Purchasing critical, yet FAKE documents over the internet is easy and inexpensive:

- Masters Degree - \$525.00
- Drivers License - \$50.00
- Passport - \$245.00
- Green Card - \$75.00
- Social Security Card - \$75.00

**DSS Core Optical Deterrent Technologies help deter the most prevalent source of counterfeiting - desktop and color copying utilizing a digital scanner.**



# Secured/Printed Products

## 1 Digital Solutions    2 Secured/Printed Products    3 IP Licensing and Monetization

- Delivery of patented “*optical deterrence*” security technologies across multiple products:

*PRISM™*      *Phantom™*      *Pantograph 4000™*  
*VeriGlow™*      *Survivor21™*      *MicroPerf™*

- Supports continuous R&D efforts to stay ahead of new counterfeiting risks.
- Profitable division with strong customer base.

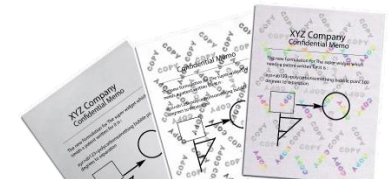
- Secure and commercial packaging solutions



- Intelligent cards that authenticate identity & resist counterfeiting



- Printing services that leverage DSS' fraud protection technology



## 1 Digital Solutions   2 Secured/Printed Products   3 IP Licensing and Monetization






### ***IP Technology Licensing***

- Long-standing licenses with top security printers in the U.S.
  - RR Donnelly, Banknote Corp. of America
- Our licensees use DSS technology for wide-range of secure documents:
  - Checks, government documents, coupons, vital records, etc.
- Licensing provides high-margin returns and expanded production network

### ***IP Monetization***

- Follow the “technology roadmap” of our business lines to create new solutions and identify IP with significant commercial & licensing potential
- Opportunistic IP acquisition - highly selective
- License IP/patents to commercial partners
- Enforce IP where commercialization is blocked by competitors
- Utilize co-investor and contingent legal to support IP enforcement efforts

- 1 Digital Solutions
- 2 Printed Products
- 3 IP Licensing and Monetization

Technology	Status	Select Defendants
<p><b>Light Emitting Diode ("LED") Portfolio</b></p> <p><b>70+ U.S. Patents</b></p>	<ul style="list-style-type: none"><li>Cases filed in the Central District of California in 2017</li><li>Allege infringement of several of DSS's Light Emitting Diode ("LED") patents</li></ul>	<div></div>

## Recent Entrance into Asia Pacific Markets Provide DSS with Significant Revenue Opportunities



*Top Five Economies of Origin by Estimated Value of Seized Counterfeit Products by U.S., EU, and Japanese Customs Authorities, 2010–2014 (average)*

UNITED STATES		EU		JAPAN	
Economy of Origin	Estimated Value	Economy of Origin	Estimated Value	Economy of Origin	Estimated Value
China	\$953.2 million	China	€467.5 million	China	\$100 million
Hong Kong	\$301.4 million	Hong Kong	€70.2 million	Hong Kong	\$14.6 million
India	\$11.1 million	India	€50.6 million	India	\$6.2 million
Canada	\$8.3 million	Canada	€29.9 million	Canada	\$3 million
Singapore	\$5.6 million	Singapore	€18.7 million	Singapore	\$1.2 million



# Financial Snapshot (NYSE American: DSS)



**Stock Price (1/3/18)** **\$1.84**

52 Week Low-High \$0.56-\$3.16

Avg. Daily Vol. (3 mo.) 478,819

Shares Outstanding (11/15/17) 16.4M

**Market Cap (1/3/18)** **\$30.3M**

Date Founded 2003

Employee Count 103

**Total Revenue (YE 2016)** **\$19.2M**

Adj. EBITDA (YE 2016) \$1,061,000

EPS (2016) \$(0.07)

**P/S (2016)** **1.58x**

Cash (September 30, 2017) \$4.2M

**Total Assets (Sep 30, 2017)** **\$17.4M**

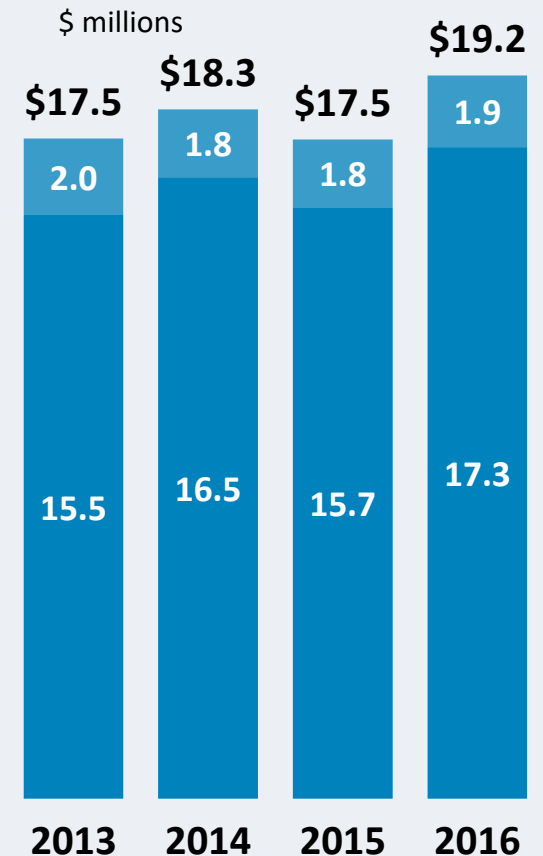
Total Debt (Sep 30, 2017) \$6.0M

**DSS** Document Security Systems Inc - NYSE



## Revenue

- Tech Sales & Licensing Revenue
- Printed Product Revenue

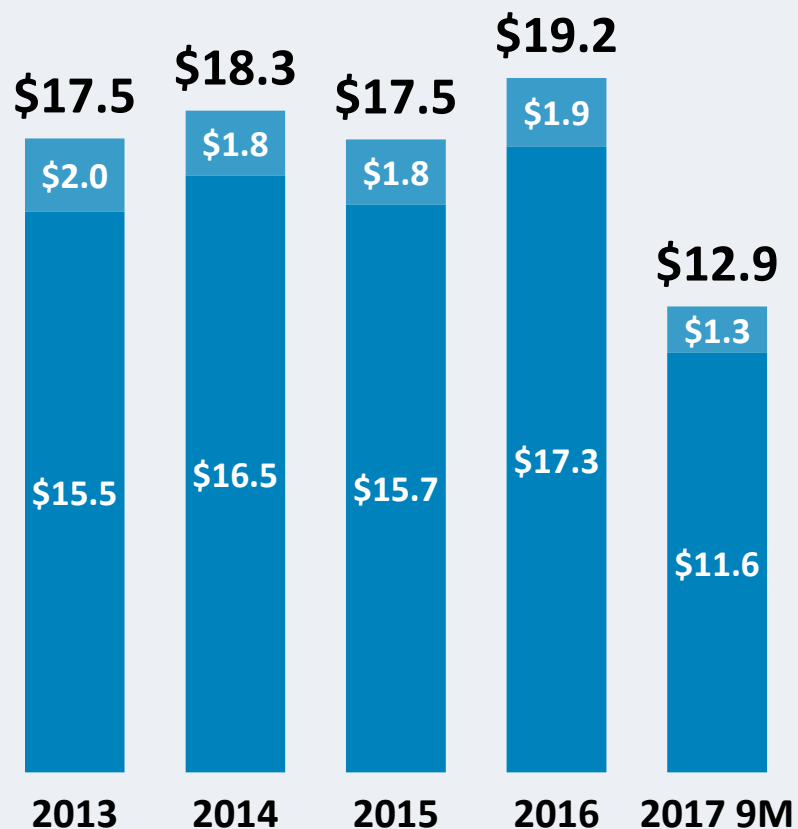


# Income Statement Highlights

## Revenue

\$ millions

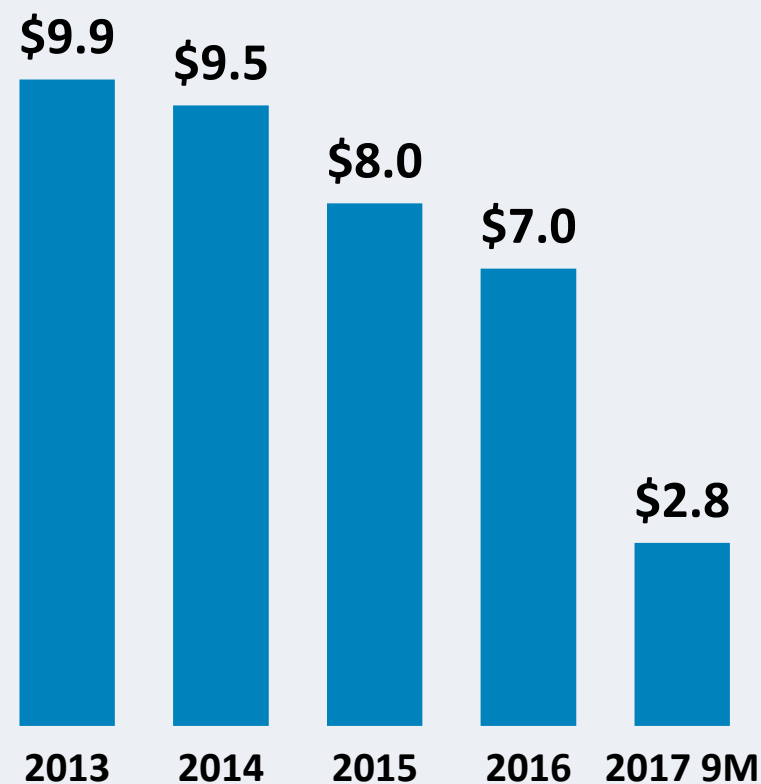
- Tech Sales & Licensing Revenue
- Printed Product Revenue



## SG&A Expenses

*(Excluding stock based compensation and IP Amortization and Impairments)*

\$ millions

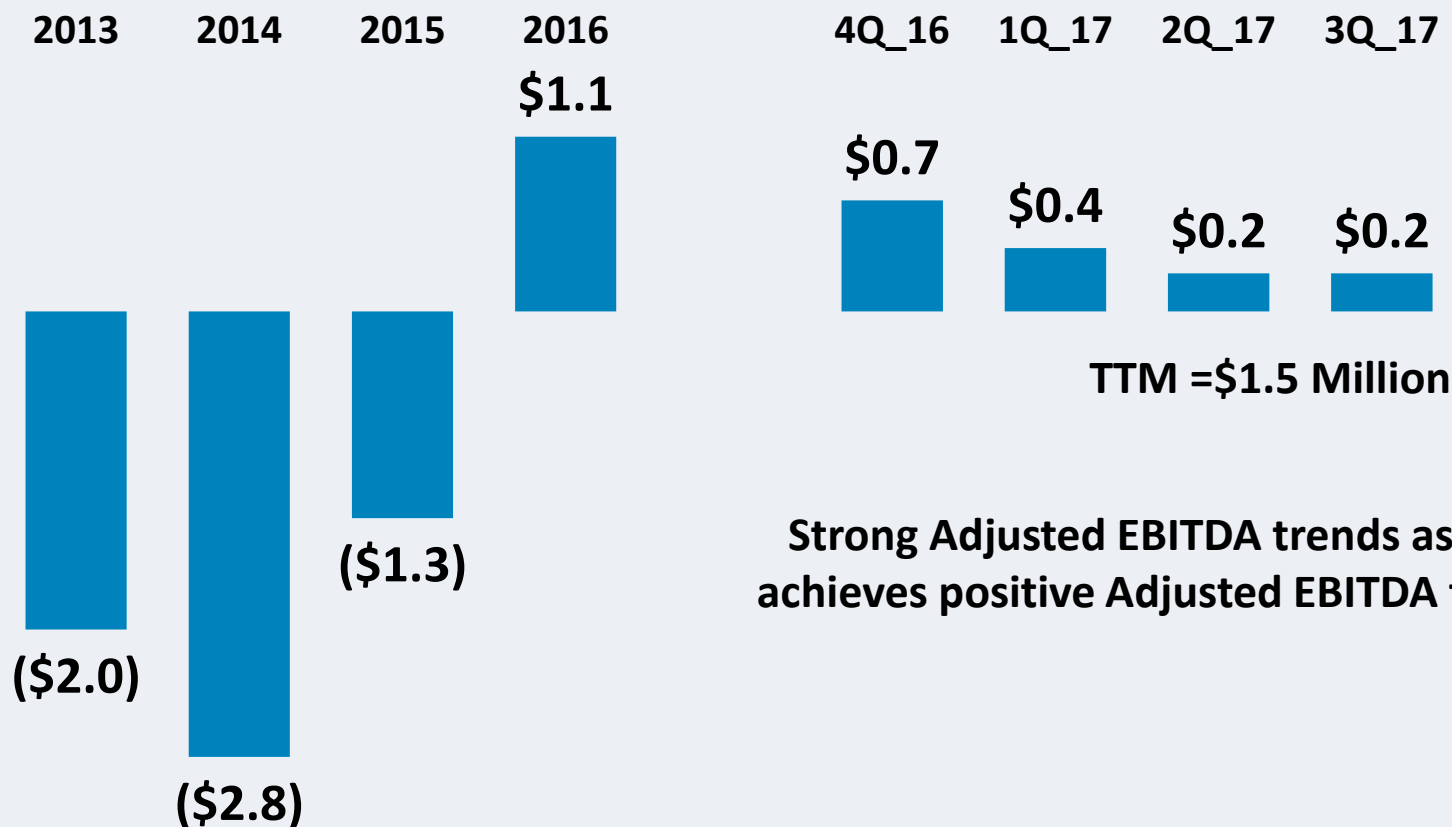


# Income Statement Highlights

## Adjusted EBITDA<sup>1</sup>

*(earnings before interest, taxes, depreciation and amortization, stock based compensation and other non-recurring items)*

\$ millions



## Select Balance Sheet Items

<i>\$Millions</i>	Sept. 30, 2017
Cash & restricted cash	\$4.6
Total current assets	\$8.6
Total assets	\$17.4
Total debt	\$6.0
Total liabilities	\$13.3
Total stockholders' equity	\$4.1

# Peer Group Comparables

Financial figures taken from annual and quarterly filings reports as filed with the SEC

COMPANY	Stock Symbol	2016 Revenues	2016 Income/Loss	2016 EBITDA	2017 9 Month Revenues (millions)	2017 9 Month Income (millions)	2017 9 Months EBITDA	Market Cap (12/22/17)
Applied DNA Sciences, Inc.	APDN	\$4.2 million	(\$12.0 million)	(\$11.5 million)	\$3.6 million	(\$10.0 million)	(\$9.9 million)	\$43.5 million
Digimarc Corp.	DMRC	\$21.8 million	(\$21.6 million)	(\$20.3 million)	\$20.3 million	(\$17.4 million)	(\$17.4 million)	\$425.6 million
Document Security Systems, Inc.	DSS	\$19.2 million	(\$950,000)	\$1.1 million	\$12.8 million	(\$725,000)	\$817,000	\$29 .6 million

COMPANY	Stock Symbol	Cash/Cash Equivalents YE2016	Total Assets YE2016	Total Liabilities YE2016	Stockholders Equity YE2016	52 Week High/Low	Stock Price (12/22/17)
Applied DNA Sciences, Inc.	APDN	\$4.5 million	\$15.5 million	\$5.2 million	\$10.3 million	\$3.45/\$0.90	\$1.59
Digimarc Corp.	DMRC	\$11.6 million	\$78.0 million	\$5.4 million	\$73.0 million	\$41.75/\$24.20	\$36.50
Document Security Systems, Inc.	DSS	\$5.8 million	\$9.5 million	\$6.5 million	\$3.2 million	\$3.16/\$0.56	\$1.80

## Price-to-Sales Ratio (ttm)

Applied DNA Sciences: 8 to 1  
 Digimarc Corporation: 16 to 1  
 Document Security Systems: 1.5 to 1

- ✓ Focused on high-growth commercialization and high-margin licensing opportunities
- ✓ Valuable near-term growth opportunities with AuthentiGuard™ & other technology products
- ✓ Entrance into Asia Pacific market represents significant opportunities within world's largest counterfeit packaging market
- ✓ DSS is advancing the Authentication Model from reactive to predictive, involving the use of data to validate product authenticity
- ✓ Mobile authentication tool, allows all parties in the supply chain the ability to authenticate
- ✓ Technology platform fills consumer demand for product authentication capability
- ✓ Adding consumer generates very valuable data that will become cornerstone of business strategy and intelligence
- ✓ Integration of data from supply chain will enable product origin and tracking, critical in food, beverage, health and beauty markets



## DSS Investor Relations

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