



## ASX and MEDIA RELEASE

28 January 2020

### DECEMBER 2019 QUARTERLY REPORT

Mr Uzi Breier, the CEO of **Dotz Nano Limited (ASX: DTZ) ("Dotz" or "the Company")**, an advanced technology company developing, manufacturing and commercialising tagging, tracing and verification solutions, is pleased to provide a business update for the quarter ending 31 December 2019 (Q4 2019), along with the attached Appendix 4C.

Dear Shareholders,

Increasing sales activity and reaching profitability remain a key a priority for Dotz and we continue to advance long-term commercial negotiations with prospective customers across the anti-counterfeiting, product liability and oil and gas segments.

During the quarter, Dotz completed customisation testing with a leading European transportation and logistics company. This contract would see Dotz insert its ValiDotz™ markers into hundreds of thousands of railroad-related units throughout the customer's transport network. While a firm non-conditional PO has not been granted yet, it is expected that the agreement will generate ValiDotz™ sales of A\$500,000 this year.

Dotz continues to field test and improve its BioDotz™ in-plant track-and-trace solution for the cannabis market in partnership with licensed Israeli medicinal cannabis producer Seàch Medical Group. In parallel, Dotz was working to accelerate the commercialisation of its world-first in-plant authentication technology within the legal Canadian cannabis market with Canadian private equity firm Slalom Capital Inc. While BioDotz has performed well in all testing so far, due to changes in funding markets brought about by recent softening in Canada's legal cannabis market, Slalom has just informed Dotz that the initial payment fee of A\$296,000 is currently "on hold" until market conditions improve and the initiative can be re-examined.

Working capital to support product validation and customisation testing has been an ongoing challenge for the company over the past few years and has delayed long-term contract negotiations. The sales process for advanced materials is lengthy, requiring extensive pilot testing on prospective customer products and creating custom solutions to meet their marking, tracing and authentication needs.

It is common for customisation testing within the oil and gas sector to be in excess of a year before converting to a commercial sale. Typically this testing is not funded by the potential customer, so it involves significant time and monetary investment from Dotz.

Following the successful customisation testing that has occurred throughout 2019, Dotz is currently in advanced negotiations with these customers in the oil and gas and anti-counterfeiting sectors.

To execute its growth strategy and finalise these customisation projects, Dotz secured A\$3 million in funding during the quarter. This included a A\$2 million Share Placement anchored by Australian-Israeli venture capital fund Southern Israel Bridging Fund (SIBF) as well as new and existing



sophisticated Australian investors. SIBF's participation in the Placement is an important vote of confidence in Dotz's technology with the venture capital fund specialising in assisting breakthrough technologies to scale up and reach the next stage of commercialisation.

Under the Placement terms, Dotz issued approximately 55.5 million shares at A\$0.036 (3.6 cents) per share, inclusive of a one for three option valid for two years and exercisable at A\$0.09 (9 cents) each.

Dotz raised an additional A\$1 million via a Deferred Share Placement with the SIBF. The Deferred Placement is being issued in two tranches - April and August 2020 - under the same terms as the Placement.

The company's new strategic investors understand the sizeable addressable market for Dotz's industry-leading end-to-end track-and-trace technology, targeting the anti-counterfeiting, product liability and oil and gas sectors.

In December 2019, Dotz restructured its Board to prepare for the company's next growth phase. Experienced Australian executive, and former Myer CEO, Mr Bernard ("Bernie") Brookes was appointed to lead the Board as a Non-Executive Director and Chairman in December 2019, commencing in the role from 15 January 2020. Mr Brookes has more than four decades experience in business management with substantial expertise in retail, supply chain management, wholesale operations and IT systems. The appointment followed the resignation of Chairman Dr Volker Mirgel.

Mr Doron Eldar was also appointed to the Dotz Board as a Non-Executive Director from 15 January 2020. He is currently a Melbourne-based partner at venture capital fund SIBF and Oxen9 and has more than a decade of experience in senior leadership roles.

Thank you for your patience and ongoing support as we continue to focus on converting pilots and product testing to recurring long-term contracts. We are now well funded with the right leadership team in place to execute our growth plans, and I am confident that 2020 will be a turning point for Dotz.

Sincerely,

**Uzi Breier**

**CEO & Executive Director  
Dotz Nano Limited**

This announcement has been authorised for release by the Board.

Further information:

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### **About Dotz Nano Limited**

Dotz Nano Limited (ASX: DTZ) is a technology leader in research, production and marketing of anti-counterfeiting, authentication and tracing solutions. Dotz has strong, established distributors in North America, Europe and Japan as well as scientific collaborations and partnerships with leading academic institutes.

Its unique products ValiDotz, BioDotz, Fluorensic and InSpec are exceptional solutions for numerous applications, such as: anti-counterfeiting, brand & reputation protection, oil & gas industry, liquids tagging, lubricants and DEF authentication, polymers tagging and bio-imaging.

To learn more about Dotz, please visit the website and corporate video via the following link [www.dotz.tech](http://www.dotz.tech)

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

DOTZ NANO LIMITED

**ABN**

71 125 264 575

**Quarter ended ("current quarter")**

31 Dec 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$US'000</b>	<b>Year to date (12 months) \$US'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	15	35
1.2 Payments for		
(a) research and development	(182)	(834)
(b) product manufacturing and operating costs	-	(8)
(c) advertising and marketing	(112)	(538)
(d) leased assets	-	-
(e) staff costs and board remuneration	(229)	(697)
(f) administration and corporate costs	(106)	(669)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(7)	(15)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives (Bird grant)	35	44
1.8 Other – Input VAT and other	(13)	85
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(599)</b>	<b>(2,596)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(1)
(b) businesses (see item 10)	-	-
(c) investments	-	25

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
	(d) intellectual property	-	(15)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>9</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	1,350	3,038
3.2	Proceeds from issue of convertible notes (i)	-	608
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(42)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other - lease payments (ii)	(40)	(160)
3.10	<b>Net cash from / (used in) financing activities</b>	<b>1,310</b>	<b>3,444</b>

(i) The convertible notes were settled through the issue of equity.

(ii) The Group has adopted new accounting standard AASB 16 *Leases* with effect from 1 January 2019. In accordance with the requirements of AASB 16 cash payments for the principal portion of the Group's lease liabilities are presented within financing activities.

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	651	509
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(599)	(2,596)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	9

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,310	3,444
4.5	Effect of movement in exchange rates on cash held	10	5
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>1,371</b>	<b>1,371</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	1,371	651
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,371</b>	<b>651</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$US'000**

175

-

The amounts included at 6.1 relate to payments for the CEO remuneration, payments for directors' fees and settlement of agreement in lieu of notice for Non-Executive Chairman.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$US'000**

-

-

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
None		

9. <b>Estimated cash outflows for next quarter</b>	<b>\$US'000</b>
9.1 Research and development	220
9.2 Product manufacturing and operating costs	15
9.3 Advertising and marketing	115
9.4 Leased assets**	45
9.5 Staff costs and board remuneration	219
9.6 Administration and corporate costs	105
9.7 Other (fundraising costs)	-
<b>9.8 Total estimated cash outflows</b>	<b>719</b>

\*\* Allocated to section 9.6 due to IFRS 16

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

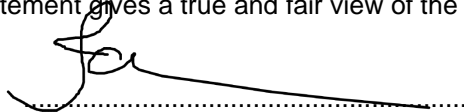
On December 15th, 2019 Graphene Materials Ltd (a subsidiary of Dotz Nano Ltd) was de-registered.

On October 31st, 2019, Dotz Singapore Pte Ltd (a subsidiary of Dotz Nano Limited) submitted a striking off request with ACRA.

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

  
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(Director/Company secretary)

Date: 28 January 2020  
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Print name: Ian Pamensky  
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### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.