

ASX Appendix 4C

DataDot Technology Limited (ASX:DDT) has today released its cash flow report (ASX Appendix 4C) for the quarter ending 31 December 2019.

This cash flow report is unaudited and discloses the inflows and outflows of cash during the quarter ended 31 December 2019 and for the financial year to date.

Highlights

The second quarter shows close to break even cash flow from operating activities compared to the FY 2019 average quarterly equivalent amount of greater than negative \$360k.

Receipts from Customers includes the first payments for new contracts for sale and application of motor vehicle kits in Europe through our South Africa distributor who has advised that sales to Europe will continue to grow in 2H FY2020.

Payments to suppliers reflects a lower overall cost base from the implementation of cost saving measures and efficiency gains achieved. Restructuring costs on a reduced basis will continue to be incurred up to the end of Q3 of FY2020.

Costs of finance includes interest on convertible notes that is payable on 31 December and 30 June each year throughout the life of the notes.

As a result of expected revenue growth, particularly from our South Africa distributor, and expenses savings identified and implemented, we expect operating cashflow to improve beyond breakeven in 2H FY2020.

Related Party transactions

The Aggregate amounts paid to related parties includes \$47.3k in salaries, wages and management fees and \$15.7k in interest on the convertible notes. In addition, \$4.4k of third party business expenses initially paid by related parties has been reimbursed to them. The company continues to enjoy strong cash flow support from the directors through deferral of payments due to them for salaries, wages, management fees and some other operating expenses.

For further details contact:

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About DataDot: DataDot Technology Limited provides world leading asset identification, management, protection and authentication solutions that deliver great value to customers. For more information please visit www.datadotdna.com.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

DataDot Technology Limited - ASX DDT

ABN

54 091 908 726

Quarter ended ("current quarter")

31-Dec-19

Consolidated statement of cash flows		Current quarter \$A'000	Year to date months) \$A'000 (6
1.	Cash flows from operating activities		
1.1	Receipts from customers	1,063.2	2,063.1
1.2	Payments for		
	a. research and development	-	-
	b. product manufacturing and operating costs	(239.3)	(529.1)
	c. advertising and marketing	(34.5)	(40.4)
	d. leased assets	-	-
	e. staff costs	(367.0)	(847.4)
	f. administration and corporate costs	(407.6)	(804.6)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(49.2)	(51.0)
1.6	Income taxes paid	10.9	9.0
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(23.6)	(200.5)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	a. entities	-	-
	b. businesses	-	-
	c. property, plant and equipment	(6.3)	(29.7)
	d. investments	-	-
	e. intellectual property	-	-
	f. other non-current assets	-	-
2.2	Proceeds from disposal of:		
	a. entities	-	0
	b. businesses	-	0
	c. property, plant and equipment	-	(0.0)
	d. investments	(0.2)	-
	e. intellectual property	-	0
	f. other non-current assets	-	0
2.3	Cash flows from loans to other entities	0.3	0.4
2.4	Dividends received (see note 3)	-	0
2.5	Other (provide details if material)	-	0
2.6	Net cash from / (used in) investing activities	(6.2)	(29.4)

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3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	22.0	58.8
3.2	Proceeds from issue of convertible debt securities	-	600.0
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities	-	-
3.5	Proceeds from borrowings	1.8	1.8
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	24	660.7
4.	Net increase / (decrease) in cash and cash		
4.1	Cash and cash equivalents at beginning of period	631.5	194.7
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(23.6)	(200.5)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6.2)	(29.4)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	23.8	660.7
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	625.5	625.5

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5.	Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1	Bank balances	625.5	631.5
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	625.5	631.5

6.	Payments to related parties of the entity and their associates	Current quarter
		\$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	59,480
6.2	Aggregate amount of payments to related parties and their associates included in item 2	nil

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7.	Financing facilities	Total facility amount at quarter end	Amount drawn at quarter end
		\$A'000	\$A'000
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
	<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	0	0
7.2	Credit standby arrangements	0	0
7.3	Other (please specify)	0	0
7.4	Total financing facilities	-	-

7.5	Unused financing facilities available at quarter end	Nil
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

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8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(23.6)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	625.5
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	625.5
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	26.546
8.6	<p>If Item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>1.Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?</p> <p>Answer: N/A</p> <p>2.Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?</p> <p>Answer: N/A</p> <p>3.Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?</p> <p>Answer: N/A</p>	

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.

Date: 31-Jan-20

Authorised by: DataDot Technology Limited Board of Directors

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.