

27 January 2023

DECEMBER 2022 QUARTERLY ACTIVITY REPORT

Successful trials leading to purchase orders on key projects

Dotz Nano Limited (**ASX: DTZ**, “**Dotz**” or “**Company**”), an advanced technology company developing, manufacturing, and commercialising advanced materials for tagging, tracing, and verification solutions and diagnostics solutions, provides its Quarterly Activity Report and Appendix 4C for the period ending 31 December 2022 (Q4 FY22).

SALES AND BUSINESS DEVELOPMENT

First purchase order and expanded field trial following successful pilot with NASDAQ-listed Oil & Gas services provider

In December, Dotz received the first purchase order from a leading NASDAQ-listed oilfield technology and services provider with a market capitalisation of more than US\$5 billion to expand in-field trials in various locations across north America of a new technology to monitor corrosion inhibitors (refer to ASX Announcement 23 December 2022).

The expanded trials enable companies to obtain reliable, valuable data in industrial settings within significantly reduced timeframes and operational costs, and provide greater insights into how the technology can be applied more broadly within the Oil & Gas sector.

Gene therapy applications

During the quarter, Dotz entered into a first service agreement of €700k (AUD1.08 million) for the design, planning, integration, and implementation of its tagging solution in the Orgenesis mobile processing units and labs (OMPULs). Second phase will include the outlining of manufacturing process requirements and compliance for the adaptation of the tracking process in OMPUL settings.

The service agreement and purchase order are the first deliverables of the agreement with a subsidiary of Orgenesis, with the end goal to develop a novel system for cell and gene therapy, using a new identification standard to tag patient-derived cells, facilitating real-time tracking of the patient’s processing of the cells.

Virus detection technology

Dotz Test Kits (SARS-CoV-2 detection technology) have the CE Mark, allowing the product to be distributed and sold for use on both nasopharyngeal swab and saliva samples in the European Union.

With jurisdictions continuing to manage their responses to COVID-19 at a local level, relevant diagnostic products remain in demand. Since September 2022, Dotz has received significant purchase orders and payments for its rapid diagnostics test kits.

The company’s application to obtain US FDA Emergency Use Authorisation is ongoing. However, due to reduced priority from COVID regulatory bodies, there have been delays in the authorisation process. As such, Dotz cannot currently provide an estimated timeline for approval, nor certainty



that the FDA will provide Dotz with the Emergency Use Authorisation, whether for the nasopharyngeal swab Dotz Test Kits and/or the saliva-based Dotz Test Kits.

Dotz continues to explore possible new applications for its virus detection technology with other viral infections where nasopharyngeal swab and saliva test kits would assist in the coordinated management of those conditions.

Other business development initiatives

Dotz is in continued discussions with leading companies in the Oil & Gas, chemicals, fertilizers, agriculture equipment, printing, construction, additives and paints, and food ingredient sectors. Following positive communications with several of these potential customers, Dotz is confident some will instigate POC and field trials in the near future.

CORPORATE

New CEO update

A recruitment process is underway for a new CEO that possesses a proven track record in scaling technology businesses to profitability.

FINANCIALS

As of 31 December 2022, Dotz had a cash and equivalents balance of US\$3.049 million. Notable operating cash flow items during the quarter included: Customer receipts of US\$93K, research and development costs of US\$431K, advertising and marketing expenses of US\$132K, staff payroll (excluding R&D, sales and marketing) of US\$348K and administration and corporate costs of US\$222K.

Payments to related parties over Q4 FY22 were US\$152K and included CEO and Executive remuneration, non-executive director fees, corporate advisory fees paid to an entity related to Director Doron Eldar, and amounts relating to company secretarial fees for Mr. Ian Pamensky.

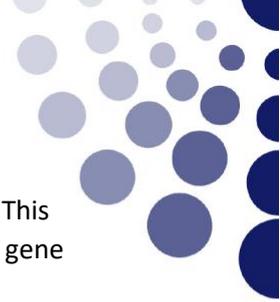
OUTLOOK

Several advanced discussions with potential customers allow Dotz to enter negotiations to secure new POCs for the Company's authentication and product tracking solutions to address the challenges within anti-counterfeiting, authentication, in-field quantification, product liability, and quality assurances that companies in several sectors face.

On the back of its successful oil and gas trials, Dotz has identified high demand for its solutions within the crude oil and lubricants industries to address the high rates of adulteration and counterfeiting that continue to cause enormous losses throughout this complex supply chain, especially for oil and gas operators, chemical manufacturers and oil refineries.

Dotz Chairman Bernie Brookes AM said, "We are harnessing the increasing proof that Dotz technology can make a tangible difference to companies in several sectors. We are using funds from our recent capital raise to increase commercialisation activity as we continue positive discussions with companies in several sectors.

"Our current projects are also progressing well. As a key partner with Orgenesis, we are co-developing a new cell and gene therapy identification standard. This will allow patient-derived cells to be authenticated in close to real-time, facilitating process automation, dramatically increasing the



speed of getting results to patients and reducing the incidence of error in the testing process. This project represents huge potential for Dotz to become a player in a rapidly growing industry of gene therapy, as well as the healthcare industry, in general.

“Our extensive work with our Oil & Gas customer is now entering an advanced field trial phase across several of their sites, reaffirming the significant advantage of our technology in tagging oil-based bulk liquids. It’s also providing us with excellent data on the use of our technology that will be of use in allied sectors.”

This announcement has been authorised for release by the Board of Dotz Nano.

Further information:

Investor Enquiries:

Eric Kuret
Automic Markets
E: eric.kuret@automicgroup.com.au
P: +61 417 311 335

Media Enquiries:

Tristan Everett
Automic Markets
E: tristan.everett@automicgroup.com.au
P: +61 403 789 096

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.

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

Appendix 4C

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

Name of entity

DOTZ NANO LIMITED (ASX: DTZ)

ABN

Quarter ended ("current quarter")

71 125 264 575

31 DECEMBER 2022

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	93	189
1.2 Payments for		
(a) research and development	(431)	(1,460)
(b) product manufacturing and operating costs	(105)	(159)
(c) advertising and marketing	(132)	(545)
(d) leased assets	(6)	(33)
(e) staff costs	(348)	(1,496)
(f) administration and corporate costs	(222)	(1,325)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	25	32
1.5 Interest and other costs of finance paid	(9)	5
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – Input VAT and other	32	186
Other – Transaction costs/ commitment fee	(182)	(189)
1.9 Net cash from / (used in) operating activities	(1,285)	(4,795)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(2)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	15
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities**	(284)	(284)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(284)	(271)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from prepayment facility*	-	3,386
3.3	Proceeds from exercise of options**	539	856
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	218
3.7	Transaction costs related to loans and borrowings*	-	(99)
3.8	Dividends paid	-	-
3.9	Other (principal element of lease payments)	(62)	(318)
3.10	Net cash from / (used in) financing activities	477	4,043

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,990	4,137
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,285)	(4,795)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(284)	(271)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	477	4,043
4.5	Effect of movement in exchange rates on cash held	151	(65)
4.6	Cash and cash equivalents at end of period	3,049	3,049

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	3,049	3,990
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)	3,049	3,990

6.	Payments to related parties of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(152)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Payments for non-executive director fees.</i>		
<i>Also includes US\$13k relating to company secretarial fees for Mr Ian Pamensky.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other – Prepayment Facility*	3,386	3,386
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		
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.		

* On 15 September 2022 Dotz Nano Limited executed a Funding Agreement with Lind Global Fund II, LP, a fund managed by The Lind Partners, for an investment of AU\$5.15 million (US\$3.39 million). The AU\$5.15 million investment is via a pre-payment for a placement of ordinary fully paid shares and 7,118,644 unlisted 4-year options with exercise price of 47.5 cents & expiring on 14 September 2026.

The Term of the Funding Agreement is 24 months from advance payment date which was on 23 September 2022, subject to extend for 6 months. The Company has option to repay the facility in cash instead of issuing shares following a subscription request by Lind. On advance payment date a commitment fee of AU\$150,000 (US\$98,625) was paid per the Funding Agreement.

The summary of key terms of the Funding Agreement are detailed in [ASX Announcement dated 15 September 2022](#).

** The Exercise of options exercised on 31 December 2022 (refer [ASX Announcement 31 December 2022](#)), were funded by a loan. The Resulting Ordinary Shares issued have been voluntarily escrowed for 4 months.

8. Estimated cash available for future operating activities	\$US'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,285)
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,049
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	3,049
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.37
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 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?	
Answer:	
N/A	
8.6.2 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?	
Answer:	
N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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:**27 January 2023**.....

Authorised by: **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.