



## ASX and MEDIA RELEASE

1 May 2019

### MARCH 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 March 2019 (Q1 2019), along with the attached Appendix 4C.

Dear Shareholders,

Dotz continued to focus on commercialisation of its market-leading tagging, tracing and verification solutions over the March quarter with its new go-to-market strategy signing purchase orders totalling A\$430,000 to end-customers in two key markets.

In January 2019, Dotz secured a A\$130,000 purchase order of ValiDotz™ security markers and InSpec™ detectors from an anti-counterfeiting company, as mentioned in our previous quarterly report. The Swiss-based company will integrate Dotz’s polymer-markers into the manufacturing of its secured-plastic solutions for use by governing organisations.

Later in the month a second ValiDotz purchase order for A\$300,000 was received from an international lubricant manufacturer, who will insert Dotz’s security markers into its precision lubricants as a product liability and anti-counterfeiting measure. These orders are expected to be realised during 2019 and 2020 with Dotz set to receive initial revenues from the two purchase orders in Q2 2019.

Our initial commercial success in the plastic and lubricants sectors validates our strategic focus on three key target markets: anti-counterfeiting tagging of plastics, lubricants, and marking in oil & gas – where our technology is the most mature. We are pursuing further commercial agreements and additional R&D in all of these target markets.

As Dotz offers flexible and tailor-made solutions, extensive product testing is essential to secure new customers in new markets and sectors. This is common in technology sales.

Our R&D team completed our new line of InSpec™ app-based detectors during the quarter, and these are currently being tested by potential end-customers as part of our end-to-end anti-counterfeiting solution. InSpec™ readers detect ValiDotz™ markers at covert, semi-forensic and forensic trace amounts while also identifying product dilution, enabling authentication on-site and in real-time throughout the supply chain.

As part of our strategic focus on anti-counterfeiting within the plastics and polymers industries, Dotz is scheduled to exhibit at a leading plastics conference in May 2019. The Compounding World Expo in Ohio, USA, provides Dotz with access to key market participants within the global plastics industry and allows us to demonstrate our end-to-end offering in this segment. Our ability to embed ValiDotz™ markers into thermosetting and thermoplastic polymers without affecting the plastic properties is a unique means of differentiation to manufacturers that are increasingly under attack



by counterfeiters. Plastic applications that can benefit from Dotz's end-to-end anti-counterfeiting technology include premium consumer products, automotive parts and safety products.

The March quarter saw changes at Board and Management level as the Company prepares for the transition to commercialisation. Steve Bajic resigned as a Non-Executive Director to focus on other business interests with the Board not seeking a replacement Director at this time. Mr Tomer Segev was appointed Chief Financial Officer in January 2019, replacing Eran Gilboa with immediate effect. Mr Segev is an experienced CFO with extensive knowledge in investment banking and international finance.

On the financial front, Dotz raised A\$850,000 in Q1 2019. Funds were raised via the issue of convertible loans to founding shareholders and a sophisticated Asian-based investor. The loans were converted to equity at A\$0.08 per share plus 1:4 unlisted options exercisable at A\$0.12 per share.

I also met several current and prospective investors in Australia and Asia in a March 2019 roadshow. The feedback on our technology, the value we provide to customers, and our revised business strategy focusing on end-customers in three key target markets was very positive.

#### **Updates on previous disclosure**

There are two previous announcements that were made to the ASX, prior to me joining Dotz Nano, that require further clarification:

1. On 8 January 2018 the Company executed an agreement for distribution and sale of GQDs in China valued at \$15 million. The distribution and sales agreement was pending minimum sales in 2018. Since this minimum condition was not met, the agreement is no longer valid.
2. On 18 January 2018 the Company executed a MoU with Recochem Inc. of Australia for the appointment of Recochem as an Exclusive Distributor of GQDs for Australia and New Zealand. As of today, no definitive agreement has been signed.

As I previously mentioned, we have made significant progress in refining our strategic focus over the past 11 months, and the recently announced purchase orders are a strong validation of the Company's direction, and potential for additional sales.

Thank you for your patience and continued support. I look forward to providing further updates as we continue to execute on our growth plans.

Sincerely,

**Uzi Breier**  
**CEO & Executive Director**  
**Dotz Nano Limited**



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 March 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$US'000</b>	<b>Year to date (3 months) \$US'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	12	12
1.2 Payments for		
(a) research and development	(259)	(259)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(127)	(127)
(d) leased assets	-	-
(e) staff costs and board remuneration	(176)	(176)
(f) administration and corporate costs	(162)	(162)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives (Bird grant)	-	-
1.8 Other – Input VAT	69	69
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(645)</b>	<b>(645)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	15	15

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

<b>3.</b> <b>Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	608	608
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
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	(44)	(44)
<b>3.10</b> <b>Net cash from / (used in) financing activities</b>	<b>564</b>	<b>564</b>

<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	509	509
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(645)	(645)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	564	564

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$US'000</b>	<b>Year to date (3 months) \$US'000</b>
4.5	Effect of movement in exchange rates on cash held	2	2
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>430*</b>	<b>430*</b>

\* As announced on 1 May 2019, the Company has received binding commitments for a US\$1.056 million Share Placement.

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$US'000</b>	<b>Previous quarter \$US'000</b>
5.1	Bank balances	430	509
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>430</b>	<b>509</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$US'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	(97)
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	

The amounts included at 6.1 relate to payments for the CEO remuneration and payments for directors fees.

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$US'000</b>
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	

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>	\$US'000
9.1 Research and development	(230)
9.2 Product manufacturing and operating costs	(15)
9.3 Advertising and marketing	(140)
9.4 Leased assets	(40)
9.5 Staff costs and board remuneration	(171)
9.6 Administration and corporate costs	(145)
9.7 Other	-
<b>9.8 Total estimated cash outflows</b>	<b>(741)</b>

\* As announced on 1 May 2019, the Company has received binding commitments for a US\$1.056 million Share Placement.

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
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	-	-

### Compliance statement

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

Sign here:  .....  
(Director/Company secretary)

Date: ...1 May 2019.....

Print name: .....Ian Pamensky.....

**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.