ASX and MEDIA RELEASE

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MARCH 2021 QUARTERLY REPORT

Growing pipeline of potential customers across anti-counterfeiting, virus detection, and surface sanitisation

Dotz Nano Limited **(ASX: DTZ, "Dotz"** or **"Company")**, an advanced technology company developing, manufacturing and commercialising tagging, tracing and verification solutions, is pleased to provide its Quarterly Activity Report and Appendix 4C for the period ending 31 March 2021 (Q1 FY21).

SALES & BUSINESS DEVELOPMENT

Dotz continues to build its customer pipeline and is in advanced negotiations with potential customers for the supply of its 'Secured by Dotz' authentication solution. During the quarter, Dotz also made significant steps towards commercialisation of its virus detection and surface sanitisation technologies. The Company hopes to finalise and announce new contracts in all three sectors in the coming months.

Virus detection technology

During the quarter, Dotz entered into an updated Services Agreement with US-based diagnostics company Caerus Therapeutics Inc to progress the development and commercialisation of its SARS-CoV-2 virus detection technology, known as the Dotz Test Kits. Dotz had initially intended to enter into an Asset Purchase Agreement with Caerus, however due to concerns raised by the ASX that the transaction would be a material change to the nature of Dotz, that agreement was terminated.

The revised agreement provides Dotz with access to leverage Caerus' extensive diagnostic resources and expertise, including a state-of-the art laboratory, to continue to research and develop its own virus detection technology. Importantly, Dotz retains all intellectual property rights as well as any improvements in respect of the Dotz Test Kits.

The Dotz Test Kit has the following features:

i. 100% True Positive Rates for viral loads of 2500 copies per mL;
ii. the limit of detection for the Dotz Test Kit is 2500 copies per mL when using 1mL of input sample. The True Positive Rates at other limits at other copy numbers are as follows:

Virus	Material	Copy Number per mL	True Positive Rate
2019 Novel Coronavirus	Chemically-inactivated SARS-Cov-2 in VITM	2,500	100%
		1,250	86%
		625	81%
		313	64%
N/A	Nuclease-Free Water	0	0%

iii. 100% specificity, following a negative cross-reactivity results for a range of other viruses;

iv. test results within 15-17 minutes (when using two heating blocks);
v. visual detection by colour change of the reagents; and
vi. simultaneous testing of up to hundreds of samples using standard heating blocks (other materials including a viral RNA extraction kit are required for testing but not included in the Dotz Test Kit).

While the Dotz Test Kit has been created and tested for use with both nasopharyngeal swab and saliva samples, the CE mark authorisation is based only on nasopharyngeal swab samples to simplify the application process. The standard method of sample collection in the European Union and most other parts of the world is nasopharyngeal swab sampling.

In January, Dotz obtained authorisation to use the CE Mark for its nasopharyngeal swab Dotz Test Kits, which clears the product for sale in most European countries. Some countries in the European Union have additional import regulatory requirements that Dotz may need to comply with. Dotz obtained CE Mark authorisation for its saliva-based Dotz Test Kits in March.

As part of the CE Mark authorisation process, Dotz signed a services agreement for manufacturing and regulatory consultancy with US-based manufacturer Systaaq Diagnostic Products.

In April, Dotz, Dotz made an application to the U.S. Food and Drug Administration ("FDA") for an Emergency Use Authorisation ("EUA") for distribution and/or use of its SARS-CoV-2 virus detection technology (the "Dotz Test Kits") in respect of nasopharyngeal/oropharyngeal swab samples only.

As part of its FDA EUA application, Dotz was required to complete a clinical trial of at least 30 COVID-19 positive and 30 COVID19 negative subjects with a broad range of viral loads. Patient nasopharyngeal swab samples were acquired from US-based iQ Genetix1, and sample positivity of these samples was first tested using the Dotz Test Kit and then confirmed using the CDC 2019-Novel Coronavirus (2019-nCoV) Real-Time RT-PCR Diagnostic Panel in accordance with FDA requirements. In total, in the evaluation performed by Caerus and on behalf of Dotz on 73 subjects located in the United States, 31 positive patient samples and 42 negative patient samples were identified.

The blinded clinical trial produced the following results:

- 96.77% positive agreement between the CDC 2019-Novel Coronavirus (2019-nCoV) Real-Time RT-PCR Diagnostic Panel;
- 100% negative agreement between the CDC 2019-Novel Coronavirus (2019-nCoV) Real-Time RT-PCR Diagnostic Panel;
- Limit of Detection (LoD) of 2,500 copies per mL; and
- 100% specificity, which is the ability to identify SARS-CoV-2 without being triggered by other viruses.

[1] iqgenetix.com/about-us/

Percent Positive Agreement	96.77%
False Negative Rate	3.23%
False Positive Rate	0.00%
Percent Negative Agreement	100.00%
Number of Positives	31
Number of Negatives	42
Total Samples	73

Clinical evaluation results

Surface sanitisation

In April, Dotz signed five-year supply and distribution agreements for a verifiable surface sanitisation solution with Zohar Dalia Professional Ltd, a subsidiary of Zohar Dalia Cooperative Agricultural Association Ltd - Israel's largest manufacturer supplier of detergent intermediates and cleaning products.

Zohar Dalia's Active V-SRD product was tested in experimental conditions that reflected as much as possible real conditions over the following key time periods: after 24 hours, 48 hours and 72 hours.

Under the exclusive supply agreement, Dotz will supply its non-toxic molecular markers and detectors for use with Zohar Dalia's slow-release disinfectant, exclusively licensed from the Israel Ministry of Defense.

The non-exclusive distribution agreement enables Dotz to promote and sell the Active V-SRD product in multiple approved markets, including the UK, India, Italy, France, Australia, Germany, Spain and throughout Africa.

The agreements follow a successful pilot where Dotz marked 1,000 litres of Zohar Dalia's disinfectant with its security taggants to verify proper surface sanitisation within Tel Avi Ben Gurion Airport as well as other public places.

OPERATIONAL PROGRESS

While Dotz was suspended from trading for some of the quarter due to its proposed Asset Purchase Agreement with Caerus Therapeutics, its operations were unaffected with ongoing production and delivery of the Company's 'Secured by Dotz' authentication solution to fulfil existing orders.

TT Medical progress

During the quarter, Dotz completed delivery of TT Medical's first order of the 'Secured by Dotz' PPE authentication solution, totalling US$226,000. Payment is expected to be received in Q2 2021. In addition, due to TT Medical's challenges related to China Covid-19 lockdown, as previously announced on 29 January 2021, the parties are currently in discussion to amend the contract to deliver a broader range of PPE related products. This will be not less than the value originally contracted from first

quarter of FY2021. The Company estimates that the order for an estimated $450K will be received during H2 FY2021.

UEG update

During the quarter, Dotz continued to finalise product characterisation changes with UEG for its 'Secured by Dotz' authentication solution for medical face masks, gowns and gloves. The initial quantity of US$255,000 for protective gloves is expected in H2 FY2021.

Breathe Medical update

Dotz's three-year PPE authentication purchase agreement with Canadian PPE manufacturer Breathe Medical, valued at between US$13 million and US$24.6 million, has been delayed due to a CEO change and manufacturing issues at Breathe Medical's facilities. While Dotz expects the agreement will commence in Q2 FY21, as at 31 March 2021 Breathe Medical had not fulfilled its first quarter obligations. Dotz is reserving rights under the contract and is attempting to find an amicable solution.

PRODUCT TESTING WITH POTENTIAL CUSTOMERS

Given the versatility and broad applicability of Dotz's end-to-end tracing and authentication technology, pilots and proof of concepts with potential customers are often required to demonstrate the effectiveness of the technology. While Dotz's technology can be purchased and used 'off the shelf', more sophisticated solutions and integration within manufacturing processes require customisation. This is customary within the advanced materials sector.

Alongside customisation and product testing within the anti-counterfeiting sector, Dotz is also progressing product testing of its virus detection and surface sanitisation solutions with potential customers.

As Dotz continues to secure more commercial agreements, the company anticipates there will be fewer pilots required for existing solutions.

FINANCIALS

As at 31 March 2021, Dotz had a cash and equivalents balance of US$4.4 million. Other notable operating cash flow items during the quarter included: US$287,000 on research and development, US$69,000 on product manufacturing and operating costs, US$117,000 on advertising and marketing, US$242,000 on staff costs and US$381,000 on administration and corporate costs.

Payments to related parties over Q1 FY21 were US$175,000 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

Dotz remains focused on executing its growth strategy, targeting long-term recurring sales within the the anti-counterfeiting, diagnostics and commercial cleaning sectors.

Dotz Chairman and Interim CEO Bernie Brookes said, "While we continue to fulfil our existing PPE authentication agreements, we are also close to finalising sales of our virus detection and surface sanitisation solutions. Dotz believes that the success of blind clinical trial on more than 70 subjects validates the effectiveness of our virus detection technology, providing governments and healthcare facilities with a faster and more efficient testing process. Meanwhile, our verifiable surface sanitisation solution has a large addressable market spanning public transport providers, hospitals, healthcare facilities as well as universities and sporting venues.

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

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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.

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	
ABN	**Quarter ended ("current quarter")**
71 125 264 575	**31 MARCH 2021**

Consolidated statement of cash flows		**Current quarter $US'000**	**Year to date (3 months) $US'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	2	2
1.2	Payments for		
	(a) research and development	(287)	(287)
	(b) product manufacturing and operating costs	(69)	(69)
	(c) advertising and marketing	(117)	(117)
	(d) leased assets	-	-
	(e) staff costs	(242)	(242)
	(f) administration and corporate costs	(381)	(381)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	5
1.5	Interest and other costs of finance paid	(17)	(17)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other – Input VAT and other	61	61
1.9	**Net cash from / (used in) operating activities**	**(1,045)**	**(1,045)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(54)	(54)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $US'000	Year to date (3 months) $US'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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	**Net cash from / (used in) investing activities**	**(54)**	**(54)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	360	360
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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 (principal element of lease payments)	(47)	(47)
3.10	**Net cash from / (used in) financing activities**	**313**	**313**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	5,259	5,259
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,045)	(1,045)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(54)	(54)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	313	313

Consolidated statement of cash flows		**Current quarter $US'000**	**Year to date (3 months) $US'000**
4.5	Effect of movement in exchange rates on cash held	(67)	(67)
4.6	**Cash and cash equivalents at end of period**	**4,406**	**4,406**

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	4,406	5,259
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)**	**4,406**	**5,259**

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	(175)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Payments for managing director, non-executive director fees and former CEO.

Also includes US$17k relating to company secretarial fees for Mr Ian Pamensky.

7.	**Financing facilities** *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.*	**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 (please specify)	-	-
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.		

8.	Estimated cash available for future operating activities	$US'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,045)
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,406
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	4,406
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	4.22

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.

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

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.

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: .....**30 April 2021**.....

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.