

24 August 2022

APPENDIX 4D AND INTERIM REPORT – 30 JUNE 2022

In accordance with ASX Listing Rule 4.2A, 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 the following documents for the half-year ended 30 June 2022

- Appendix 4D; and
- Interim Report - 30 June 2022

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

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.

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

1. Company details

Name of entity:	Dotz Nano Limited
ABN:	71 125 264 575
Reporting period:	For the period ended 30 June 2022
Previous period:	For the period ended 30 June 2021

2. Results for announcement to the market

			US\$
Revenues from ordinary activities	down	86.1% to	35,759
Loss from ordinary activities after tax	down	42.7% to	(2,473,259)
Loss for the period	down	42.7% to	(2,473,259)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to US\$2,473,259 (30 June 2021: US\$4,312,745).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.38	0.95

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

There were no dividends paid, recommended or declared during the current financial period (2021: Nil)

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

No changes from 31 December 2021.

10. Information on audit or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Dotz Nano Limited for the period ended 30 June 2022 is attached.

12. Signed

Signed 

Date: 24 August 2022

Dotz Nano Limited

ABN 71 125 264 575

Interim Report - 30 June 2022

The Directors of Dotz Nano Limited (the Company or Dotz) and controlled entities (the Group or Consolidated Entity) submit the following report for the half year ended 30 June 2022 (Financial Period).

DIRECTORS

The following persons were directors of Dotz Nano Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Mr Bernie Brookes AM
Mr Gideon Shmuel (resigned 6 April 2022)
Mr Doron Eldar
Mr Garry Browne AM (resigned on 24 August 2022)
Ms Karry Harpaz
Mr Ian Pamensky (resigned on 11 August 2022)

COMPANY SECRETARY

Mr Ian Pamensky

PRINCIPAL ACTIVITIES

During the financial period the principal continuing activities of the consolidated entity consisted of developing, manufacturing and commercialising tagging, tracing, verification solutions and Diagnostic activity.

REVIEW AND RESULTS OF OPERATIONS

The loss for the consolidated entity after providing for income tax amounted to US\$2,473,259 (30 June 2021: US\$4,312,745).

Unless otherwise stated all figures in this report are in the Company's presentation currency US\$.

REVIEW OF ACTIVITIES

During the half year ended 30 June 2022, the following activities occurred:

Sales, business development and product testing

- Several lab pilots, field trials and commercial discussions are underway with customers in a range of fields including gene therapy, oil & gas, art security, fuels, and security inks, testing the way Dotz can embed non-toxic security taggants (GCD, or 'Graphene Quantum Dotz') directly into certain materials without affecting their structure while withstanding extreme conditions and temperatures.
- Dotz is in negotiations with potential customers, pursuing customer or distribution agreements. However, there is no certainty that these negotiations will result in any customer agreements or generate future sales.

Gene therapy applications

- On 12 April 2022 Dotz entered a commercial agreement with Theracell Labs Ltd (Theracell Labs), a subsidiary of NASDAQ-listed biotech company Orgenesis Inc specialising in development of cell and gene therapy devices, treatments and processing systems.
- The collaboration agreement covers co-development, supply and licensing and Theracell Labs committed to a minimum purchase order of US\$5 million in the first year for the supply of Dotz-tagged disposable bioprocessing consumables.
- Dotz's non-toxic taggants will be embedded directly in disposable bioprocessing consumables during manufacturing without impacting the appearance or properties of the products.
- Dotz and Theracell Labs will also collaborate on the joint development of technology solutions to create an identification standard to tag patient-derived cells, facilitating real-time authentication of the patient's cells. If successful, this could ultimately include the ability to trace therapeutic cells in-vitro to determine treatment efficacy.

Virus detection technology

- Dotz is looking to harness its agreements with five distribution partners for its SARS-CoV-2 virus detection technology (Dotz Test Kits) that enable Dotz to target, acquire and service customers in Thailand, Malaysia, Paraguay, UAE, Egypt and Sudan using their partners' expertise in liaising with their local healthcare systems and networks for sales.
- Due to the different ways various jurisdictions manage their own responses to evolving SARS-CoV-2 conditions and strains, gaining coordinated response decisions which would enable the possible take-up of current validation tests continues to prove challenging. As a result, there continues to be no certainty that these negotiations will result in any binding agreements or generate future sales.

Operational progress

- Nasopharyngeal swab and saliva-based Dotz Test Kits have already obtained the CE Mark – a key regulatory authorisation, clearing the product for sale in the European Union.
- However, due to reduced priority from Covid regulatory bodies there have been delays in the authorisation process to obtain US FDA Emergency Use Authorisation for both the distribution and/or use of these same Dotz Test Kits.
- Dotz cannot currently provide an estimated timeline for approval, nor certainty that the FDA will provide Dotz with the Emergency Use Authorisation for either type of Test Kit.
- Dotz is exploring possible new applications for its virus detection technology with other viral infections test kits of this type would assist in the coordinated management of those conditions.
- Dotz continues to engage with its 'Secured by Dotz' authentication customers and distributors for previously announced purchase orders. However, due to the evolving SARS-CoV-factors obligations for the orders below remain outstanding:
 - The outstanding US\$255,000 order from UEG in connection with the second agreement with UEG, which was due in Q1 2021 (noting UEG paid its commitment under its first agreement in the amount of US\$300,000 in 2020), and
 - The outstanding \$502,000 from V2 Tech, which was due in Q4 2020 (noting AUD\$26,000 was received from V2 Tech in 2020).
 - Due to changes in the COVID-19 related markets, Dotz believes that these commitments will not be fulfilled as is and is engaging these customers to amend commitments so that both companies will market Dotz solutions to other non-COVID-19 markets.
 - Dotz currently believes that the future amended orders will be substantively honoured, although there is no certainty that these amendments will be fulfilled, nor is there any indication on timing.
 - Due to a significant decrease in demand for COVID-related testing products, Dotz believes the chances of receiving income from the outstanding order of US\$450,000 from TT Medical, which was due in Q1 2021 (after receiving advance payments of US\$250,000) is low.

Corporate update

- In March Dotz appointed Mr Guy Khavia as Chief Financial Officer. Mr Khavia brings more than 20 years' experience to the role including 11 years as regional CFO at Amplifon SpA (BIT:AMP), the Milan-headquartered global leader in hearing healthcare and the world's largest hearing aid retailer. He has also worked as a CFO and senior consultant at global technology and commercial companies including Pagaya Technologies, Classic Air Group, and at KPMG, and BDO.
- In May Dotz appointed Mr Zohar Birman as Chief Operating Officer. Mr Birman has more than 20 years of strategic and hands-on management experience in start-ups and global multi-sites companies. His managerial experience in operations and supply chain management has demonstrated a proven record of team building, M&A, and post-merge integration in a changing global environment.
- During the period Mr Gideon Shmuel vacated his role as CEO and Executive Director of the Company. While the recruitment process for a new CEO that possesses a proven track record scaling technology businesses to profitability continues, the Board of Dotz is assisting CFO Mr Guy Khavia and COO Mr Zohar Birman in managing the business in the interim.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial period.

SUBSEQUENT EVENTS

Subsequent to the half year end the following events occurred:

Dotz was granted a new patent for bulk liquid tagging, identifying and authentication in the United States (US). The patent (Patent No US 11,391,674 B2) called 'Bulk liquid tagging, identifying and authentication' granted by the US Patent and Trademark Office uses a new approach to allow in-field, real-time and simple detection and quantification solution of materials and chemicals utilised in the oil & gas sector and other industries.

As a result of the successful pilot conducted with a leading company in the oil & gas sector commercial discussions have commenced with the company to start broader deployment of the patented solution through its operations.

On 11 August 2022, Mr Ian Pamensky resigned as Non-Executive Director of the Company.

On 24 August 2022, Mr Garry Browne resigned as Non-Executive Director of the Company.

There have been no other material matters or circumstances that have arisen since 30 June 2022.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the period ended 30 June 2022 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Bernie Brookes
Chairman

24 August 2022

DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF DOTZ NANO LIMITED

As lead auditor for the review of Dotz Nano Limited for the half-year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Dotz Nano Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Ashleigh Woodley', is written over a light grey circular watermark that says 'For personal use only'.

Ashleigh Woodley
Director

BDO Audit (WA) Pty Ltd
Perth, 24 August 2022

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

No changes from 31 December 2021.

10. Information on audit or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Dotz Nano Limited for the period ended 30 June 2022 is attached.

12. Signed

Signed 

Date: 24 August 2022

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General information

The financial statements cover Dotz Nano Limited as a consolidated entity consisting of Dotz Nano Limited and the entities it controlled at the end of, or during, the period. The financial statements are presented in USD, which is Dotz Nano Limited's functional and presentation currency.

Dotz Nano Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 14, 330 Collins Street, Melbourne, Victoria 3000,
Australia

Principal place of business

2 Granit Street Petah Tikva, Israel, 4951446

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2022.

Dotz Nano Limited
Statement of profit or loss and other comprehensive income
For the period ended 30 June 2022



	Note	30 June 2022 US\$	30 June 2021 US\$
Revenue			
Revenue from contracts with customers	3	35,759	258,124
Cost of sales		(27,534)	(69,995)
Gross profit		8,225	188,129
Expenses			
Research and development expenses		(776,530)	(617,919)
General, administrative, selling and marketing expenses	4	(1,856,245)	(1,576,887)
Share based compensation (expense)/reversal	10	158,210	(2,270,254)
Finance costs		(6,919)	(35,814)
Loss before income tax expense		(2,473,259)	(4,312,745)
Income tax expense		-	-
Loss after income tax expense for the period		(2,473,259)	(4,312,745)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		(68,520)	(128,747)
Other comprehensive income for the period, net of tax		(68,520)	(128,747)
Total comprehensive income for the period		<u>(2,541,779)</u>	<u>(4,441,492)</u>
		Cents	Cents
Basic earnings per share	9	(0.56)	(1.12)
Diluted earnings per share	9	(0.56)	(1.12)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Dotz Nano Limited
Statement of financial position
As at 30 June 2022



		Note	30 June 2022 US\$	31 December 2021 US\$
Assets				
Current assets				
Cash and cash equivalents			1,824,183	4,137,046
Trade and other receivables			75,340	78,589
Inventories			31,066	47,743
Loan to related party		5	-	218,227
Other assets			127,527	73,013
Total current assets			2,058,116	4,554,618
Non-current assets				
Property, plant and equipment			171,826	235,380
Right-of-use assets			396,920	540,741
Total non-current assets			568,746	776,121
Total assets			2,626,862	5,330,739
Liabilities				
Current liabilities				
Trade and other payables			465,084	575,941
Lease liabilities			279,473	321,930
Provisions			75,766	88,606
Total current liabilities			820,323	986,477
Non-current liabilities				
Lease liabilities			127,859	281,791
Total non-current liabilities			127,859	281,791
Total liabilities			948,182	1,268,268
Net assets			1,678,680	4,062,471
Equity				
Issued capital		6	33,180,247	32,864,049
Reserves		7	6,262,750	6,489,479
Accumulated losses			(37,764,317)	(35,291,057)
Total equity			1,678,680	4,062,471

The above statement of financial position should be read in conjunction with the accompanying notes

Dotz Nano Limited
Statement of changes in equity
For the period ended 30 June 2022



	Issued capital US\$	Option reserve US\$	Foreign currency reserve US\$	Accumulated losses US\$	Total equity US\$
Balance at 1 January 2021	28,971,254	3,312,190	277,569	(27,355,117)	5,205,896
Loss after income tax expense for the period	-	-	-	(4,312,745)	(4,312,745)
Other comprehensive income for the period, net of tax	-	-	(128,747)	-	(128,747)
Total comprehensive income for the period	-	-	(128,747)	(4,312,745)	(4,441,492)
<i>Transactions with owners in their capacity as owners:</i>					
Exercise of options (note 6)	1,837,612	-	-	-	1,837,612
Share-based payments (note 10)	-	2,270,254	-	-	2,270,254
Balance at 30 June 2021	<u>30,808,866</u>	<u>5,582,444</u>	<u>148,822</u>	<u>(31,667,862)</u>	<u>4,872,270</u>
	Issued capital US\$	Option reserve US\$	Foreign currency reserve US\$	Accumulated losses US\$	Total equity US\$
Balance at 1 January 2022	32,864,049	6,443,623	45,857	(35,291,058)	4,062,471
Loss after income tax expense for the period	-	-	-	(2,473,259)	(2,473,259)
Other comprehensive income for the period, net of tax	-	-	(68,520)	-	(68,520)
Total comprehensive income for the period	-	-	(68,520)	(2,473,259)	(2,541,779)
<i>Transactions with owners in their capacity as owners:</i>					
Exercise of options (note 6)	316,198	-	-	-	316,198
Share-based payments (note 10)	-	(158,210)	-	-	(158,210)
Balance at 30 June 2022	<u>33,180,247</u>	<u>6,285,413</u>	<u>(22,663)</u>	<u>(37,764,317)</u>	<u>1,678,680</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Dotz Nano Limited
Statement of cash flows
For the period ended 30 June 2022



	Note	30 June 2022	30 June 2021
		US\$	US\$
Cash flows from operating activities			
Receipts from customers		27,632	18,266
Payments to suppliers and employees		(2,589,702)	(2,131,087)
Interest paid		(37,125)	(49,443)
Interest received		7,113	7,185
Net cash used in operating activities		(2,592,082)	(2,155,079)
Cash flows from investing activities			
Receipts from investments		15,000	29,274
Purchase of plant and equipment		(17,242)	(78,247)
Net cash used in investing activities		(2,242)	(48,973)
Cash flows from financing activities			
Proceeds from exercise of options	6	316,198	1,837,612
Proceeds from exercise of options - repayment of loan	5	218,227	-
Proceeds from exercise of options - shares unissued		-	399,383
Lease payments		(133,926)	(105,083)
Net cash from financing activities		400,499	2,131,912
Net decrease in cash and cash equivalents		(2,193,825)	(72,140)
Cash and cash equivalents at the beginning of the financial period		4,137,046	5,259,087
Effects of exchange rate changes on cash and cash equivalents		(119,038)	(144,492)
Restricted cash		-	(399,382)
Cash and cash equivalents at the end of the financial period		<u>1,824,183</u>	<u>4,643,073</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Reporting entity

The interim financial report (Report) of Dotz Nano Limited (the Company) and its controlled entities (the Group or Consolidated Entity) for the half year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Directors on 31 August 2022.

Dotz Nano Limited is a listed public company, trading on the Australia Securities Exchange, limited by shares, incorporated and domiciled in Australia.

The Group's principal place of business is at 2 Granit Street Petah Tikva, Israel, 4951446 and the registered office is located at Level 14, 330 Collins Street, Melbourne, Victoria 3000, Australia.

Note 2. Basis of preparation

This Report for the half-year ended 30 June 2022 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The Report does not include full disclosures of the type normally included in an annual financial report. For the purposes of preparing the interim financial statements, the half-year has been treated as a discrete reporting period.

The same accounting policies and methods have been consistently applied by the Group in these interim financial statements as compared with the most recent annual financial statements, except as follows:

a) New or amended Accounting Standards and Interpretations adopted

The Group has reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2022. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Group accounting policies. No retrospective change in accounting policy of material reclassification has occurred during the half year.

Note 2. Basis of preparation (continued)

(b) Going concern

The interim financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group incurred a loss for the half year ended 30 June 2022 of \$2,473,259 (2021: \$4,312,745) and net cash outflows from operating activities of \$2,592,082 (2021: \$2,155,079).

The Directors have prepared a cash flow forecast, which indicates that the entity will be required to raise funds to provide additional working capital and to continue to fund its business activities. The ability of the Group to continue as a going concern is dependent on securing additional funding by capital raise or other means.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

At the time of signing this report, in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable. The Directors expect the Group to be successful in securing additional funds through debt or equity issues, when required, further:

- The Group has the ability to reduce its expenditure to conserve cash.
- The Group has historically demonstrated its ability to raise funds to satisfy its immediate cash requirements.
- The Directors of Dotz Nano also have reason to believe that in addition to the cash flow currently available, additional funds from receipts are expected through the commercialisation of the Group's products.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements or raise additional capital through equity or debts raisings and that the interim financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern and meet its debts as and when they become due and payable. The directors plan to continue the Group's operations on the basis as outlined above and believe there will be sufficient funds for the Group to meet its obligations and liabilities for at least twelve months from the date of this report.

Note 3. Revenue from contracts with customers

	30 June 2022 US\$	30 June 2021 US\$
Revenue recognised at a point in time	35,759	258,124
The Group has recognised the following assets and liabilities related to contracts with customers:		
- Contract liabilities	-	51,891

Note 4. General, administrative, selling and marketing expenses

	30 June 2022 US\$	30 June 2021 US\$
Wages and benefits	492,200	281,501
Consulting fees	164,901	366,505
Sales and marketing expenses	308,362	222,718
Director fees	291,357	173,000
Other expenses	599,425	533,163
	<u>1,856,245</u>	<u>1,576,887</u>

Note 5. Loan to related party

	30 June 2022 US\$	31 December 2021 US\$
Loan to related party	-	218,227

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial period are set out below:

Opening balance	218,227	-
Loan advanced	-	217,834
Interest charged	4,901	393
Repayment received	(223,129)	-
Closing balance	<u>(1)</u>	<u>218,227</u>

As detailed in annual report for 31 December 2021, on 10 December 2021 Company entered into a Loan Agreement of up to A\$300,000 (excluding interest) with Marzameno Ltd (Marzameno), related to Director Kerry Harpaz. The purpose of the loan was for funding the payment of the exercise of up to 1/3 of 10,000,000 Options (each with an exercise price of \$0.09 and exercisable on or before 11 December 2021).

The loan was unsecured, accrued interest at 6% per annum and was payable on 31 March 2022. The loan and the accrued interest was repaid during the period ended 30 June 2022.

Note 6. Issued capital

	30 June 2022 Shares	31 December 2021 Shares	30 June 2022 US\$	31 December 2021 US\$
(a) Ordinary shares - fully paid	<u>444,664,334</u>	<u>434,187,704</u>	<u>33,180,247</u>	<u>32,864,049</u>

Note 6. Issued capital (continued)

(b) Reconciliation of share capital

	No	US\$
Opening balance as at 1 January 2021	376,382,378	28,971,254
Shares issued on exercise of options, 5 May 2021	200,000	9,164
Shares issued on exercise of options, 5 May 2021	9,169,931	614,666
Shares issued on exercise of options, 5 May 2021	10,410,000	800,175
Shares issued on exercise of options, 5 May 2021	1,012,500	53,997
Shares issued on exercise of options, 5 May 2021	375,000	13,979
Shares issued on exercise of options, 10 May 2021	6,333,334	352,745
Shares issued on exercise of options, 6 August 2021	4,590,000	353,255
Shares issued on exercise of options, 6 August 2021	375,000	13,546
Shares issued on exercise of options, 6 August 2021	4,000,000	-
Shares issued on exercise of options, 6 August 2021	337,500	17,999
Shares issued on exercise of options, 6 August 2021	483,873	32,778
Shares issued on exercise of options, 6 August 2021	3,200,000	591,268
Shares issued on exercise of options, 27 August 2021	250,000	-
Shares issued on exercise of options, 14 September 2021	250,000	-
Shares issued on exercise of options, 27 October 2021	250,000	-
Shares issued on exercise of options, 20 December 2021	850,000	29,464
Shares issued on exercise of options, 20 December 2021	15,715,188	1,009,759
Closing balance at 31 December 2021	434,184,704	32,864,049
Opening balance as at 1 January 2022	434,184,704	32,864,049
Shares issued on exercise of options, 11 January 2022	5,100,000	-
Shares issued on exercise of options, 5 May 2022	750,000	25,829
Shares issued on exercise of options, 21 June 2022	4,629,630	290,369
Closing balance at 30 June 2022	444,664,334	33,180,247

Note 7. Reserves

	30 June 2022 US\$	31 December 2021 US\$
(a) Foreign currency translation reserve	(22,663)	45,856
(b) Options reserve	6,285,413	6,443,623
	6,262,750	6,489,479
(a) Foreign currency translation reserve		
Opening balance	45,857	277,570
Difference arising on translation	(68,520)	(231,713)
Closing balance	(22,663)	45,857

Note 7. Reserves (continued)

(b) Reconciliation of option reserve	No.	US\$
Opening balance at 1 January 2021	82,547,879	3,312,190
Options issued on 17 March 2021	375,000	6,151
Issue of options on 19 March 2021	200,000	34,989
Issue of options on 3 May 2021	2,000,000	368,072
Options exercised on 5 May 2021	(200,000)	-
Options exercised on 5 May 2021	(9,169,931)	-
Options exercised on 5 May 2021	(10,410,000)	-
Options exercised on 5 May 2021	(1,012,500)	-
Options exercised on 5 May 2021	(375,000)	-
Options exercised on 10 May 2021	(6,333,334)	-
Cancellation of options on 10 May 2021	(125,001)	-
Options issued on 26 May 2021	375,000	6,151
Cancellation of options on 30 June 2021	(3,300,000)	-
Issue of options under Employees Share Option Plan, 29 July 2021 (Tranche 1)	1,085,000	239,372
Issue of options under Employees Share Option Plan, 29 July 2021 (Tranche 2)	1,250,000	237,781
Issue of options under Employees Share Option Plan, 29 July 2021 (Tranche 3)	1,250,000	237,781
Issue of options under Employees Share Option Plan, 29 July 2021 (Tranche 4)	1,250,000	64,248
Cancellation of options on 29 July 2021	(661,292)	-
Options issued on 6 August 2021	375,000	6,151
Issue of options on 17 July 2021	500,000	38,617
Issue of options on 6 August 2021	4,000,000	561,471
Issue of options on 6 August 2021	1,500,000	248,023
Options exercised on 6 August 2021	(4,590,000)	-
Options exercised on 6 August 2021	(375,000)	-
Options exercised on 6 August 2021	(4,000,000)	-
Options exercised on 6 August 2021	(337,500)	-
Options exercised on 6 August 2021	(483,873)	-
Options exercised on 10 August 2021	(250,000)	-
Cancellation of options on 14 September 2021	(500,000)	-
Options exercised on 14 September 2021	(250,000)	-
Options exercised on 27 October 2021	(250,000)	-
Options issued on 6 November 2021	375,000	6,151
Options exercised on 20 December 2021	(16,565,188)	-
Vesting of consultant options issued on 3 December 2019	-	12,152
Vesting of consultant options issued on 18 June 2020	-	19,344
Vesting of consultant options issued on 20 August 2020	-	20,481
Vesting of consultant options issued on 20 August 2020	-	23,714
Vesting of Employees Share Option Plan options issued on 30 October 2020	-	583,992
Vesting of consultant options issued on 12 November 2020	-	28,037
Vesting of CEO options (Tranche 1 - 4)	-	388,755
Cancellation of options on 31 December 2021	(1,500,000)	-
Closing balance at 31 December 2021	<u>36,394,260</u>	<u>6,443,623</u>

Note 7. Reserves (continued)

Opening balance at 1 January 2022	36,394,260	6,443,623
Vesting of consultant options on 11 May 2020	-	8,201
Reversal of expense for Employee Share Options Plan options issued 30 October 2020	-	(19,213)
Vesting of Board of Director Options (Tranche 4), issued on 29 July 2021	-	72,258
Vesting of consultant options issued on 6 August 2021	-	75,184
Vesting on consultant options issue on 6 August 2021	-	15,840
Reversal of expense for CEO options (Tranche 1-4)	-	(388,755)
Vesting of Former CEO options issued on 31 May 2022	500,000	78,275
Closing balance on 30 June 2022	<u>36,894,260</u>	<u>6,285,413</u>

Note 8. Dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Note 9. Loss per share

	30 June 2022 US\$	30 June 2021 US\$
<i>Loss per share for loss from continuing operations</i>		
Loss after income tax	<u>(2,473,259)</u>	<u>(4,312,745)</u>
	Cents	Cents
Basic earnings per share	(0.56)	(1.12)
Diluted earnings per share	(0.56)	(1.12)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>439,437,006</u>	<u>384,715,948</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>439,437,006</u>	<u>384,715,948</u>

Note 10. Share-based payments

During the half year ended 30 June 2022 the Group recorded the following share-based payments:

- The issue of 250,000 options with exercise price of A\$Nil and expiry date of 31 May 2025 to the Former CEO Mr Gideon Shmuel. The options were issued on 31 May 2022 and vest immediately. During the half year ended 30 June 2022 a total of \$62,826 was recognised as an expense.
- The issue of 250,000 options with exercise price of A\$Nil and expiry date of 30 September 2025 to the Former CEO Mr Gideon Shmuel. The options were issued on 31 May 2022 and vest on 30 September 2022, the day Mr Shmuel ceases employment with the Company. During the half year ended 30 June 2022 a portion, being \$15,613 vested and was recognised as an expense.

Note 10. Share-based payments (continued)

Grant date	Expiry date	Share price at grant date	Exercise price	Expected Volatility	Dividend yield	Risk-free rate	Fair value at grant date (AU\$)	Fair value at grant date (US\$)
31/05/2022	31/05/2025	AU\$0.35	AU\$Nil	N/A	N/A	N/A	AU\$87,500	US\$62,826
31/05/2022	30/09/2025	AU\$0.35	AU\$Nil	N/A	N/A	N/A	AU\$87,500	US\$62,826
							30 June 2022	30 June 2021
							US\$	US\$

Share based payment expense at 30 June 2022 is comprised as follows:

Reversal of lapsed SBP arrangements	(408,032)	-
Vesting of options granted in prior periods	171,383	105,230
Vesting of options for the half year	78,439	2,165,024
Total share-based payments expense/(reversal)	<u>(158,210)</u>	<u>2,270,254</u>

Note 11. Contingent asset and liabilities

There has been no change to contingent assets and liabilities to 30 June 2022.

Note 12. Subsequent events

Subsequent to the half year end the following events occurred:

Dotz was granted a new patent for bulk liquid tagging, identifying and authentication in the United States (US). The patent (Patent No US 11,391,674 B2) called 'Bulk liquid tagging, identifying and authentication' granted by the US Patent and Trademark Office uses a new approach to allow in-field, real-time and simple detection and quantification solution of materials and chemicals utilised in the oil & gas sector and other industries.

As a result of the successful pilot conducted with a leading company in the oil & gas sector commercial discussions have commenced with the company to start broader deployment of the patented solution through its operations.

On 11 August 2022, Mr Ian Pamensky resigned as Non-Executive Director of the Company.

On 24 August 2022, Mr Garry Browne resigned as Non-Executive Director of the Company.

There have been no other material matters or circumstances that have arisen since 30 June 2022.

Note 13. Segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group's sole operating segment is consistent with the presentation of these consolidated financial statements.

Note 14. Related party transactions

Transactions with related parties

The related party transactions remained consistent with 31 December 2021, with exception to the following:

During the period from 23 January 2022 to 28 May 2022, Mr Garry Browne provided additional services to Group including spending time in Israel to assist in managing the business during the interim period. Mr Browne received additional allowance during this period totalling to US\$124,057. From 1 June 2022, director fees for Mr Browne increased from AU\$5,000 per month to AU\$10,500 per month.

From 1 June 2022, the director fees for Ms Kerry Harpaz increased from AU\$8,000 per month to AU\$10,500 per month.

My Guy Khavia commenced employment with the Company in March 2022. His executive gross salary is set at NIS45,000 plus NIS3,500 to cover transportation. Mr Khavia will be entitled to an annual bonus of up to 20% of his salary, according to the Company's sole discretion. The agreement may be terminated by either party at any time, by giving the other party 60 days advance notice.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

As detailed in note 5 the loan to Mazameno Ltd related to Ms Kerry Harpaz was repaid during the half year ended 30 June 2022.

Note 15. Commitments

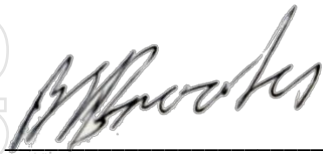
The Group does not have known material commitments at 30 June 2022.

The Directors of Dotz Nano Limited declare that:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Bernie Brookes
Chairman

24 August 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dotz Nano Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Dotz Nano Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty related to going concern

We draw attention to Note 2(b) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Australia Ltd

A handwritten signature in black ink, appearing to read 'Ashleigh Woodley', is written over a faint, stylized 'BDO' logo.

Ashleigh Woodley

Director

Perth, 24 August 2022