

1. Company details

Name of entity:	Dotz Nano Limited
ABN:	71 125 264 575
Reporting period:	For the year ended 31 December 2024
Previous period:	For the year ended 31 December 2023

2. Results for announcement to the market

				US\$
Revenue from continuing operations	down	-	to	-
Loss from ordinary activities after tax attributable to the owners of Dotz Nano Limited	down	12.3%	to	(5,758,440)
Loss for the year attributable to the owners of Dotz Nano Limited	down	12.3%	to	(5,758,440)

Comments

The loss for the consolidated entity after providing for income tax amounted to US\$5,758,440 (31 December 2023: US\$6,569,473).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(0.62)</u>	<u>(0.36)</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

Dotz Nano Limited



Controlled entity	Country of incorporation	Percentage owned 2024	Percentage owned 2023
Dotz Nano Ltd	Israel	100%	100%

9. Audit qualification or review

Refer to Annual Report, page 56.

10. Signed

Signed 

Date: 28 February 2025



Capture The Future

Dotz Nano Limited

ABN 71 125 264 575

Annual Report - 31 December 2024

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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 year. The financial statements are presented in US dollars.

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:

c/ Kardos Scanlan Lawyers
Level 5, 44 Martin Place
Sydney NSW 2000

Principal Place of Business:

1 Atir Yeda
Kefar-Sava
Israel 4464301

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 28 February 2025. The directors have the power to amend and reissue the financial statements.

Directors

Mr Bernie Brookes AM
Mr Sharon Malka
Mr Doron Eldar
Ms Kerry Harpaz
Mr Glenn Kelly
Mr Mitchell Board

CEO

Mr Sharon Malka

Company secretary

Mr Bernie Brookes AM

Registered office

c/ Kardos Scanlan Lawyers
Level 5, 44 Martin Place
Sydney NSW 2000

Principal place of business

1 Atir Yeda
Kefar-Sava
Israel 4464301

Share register

Automatic Registry Services
Level 5, 126 Phillip Street
SYDNEY NSW 2000

Auditor

BDO Audit Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street
PERTH WA 6000

Stock exchange listing

Dotz Nano Limited shares are listed on the Australian Securities Exchange (ASX code: DTZ) and on Over-the-Counter (OTC) and American Depositary Receipts (ADR) (Codes: DTZZF and DTZNY)

Dear Stakeholders,

As we reflect on 2024, I am filled with immense pride in the progress Dotz has made toward our mission of shaping a sustainable, carbon-neutral future. This year has been one of pivotal milestones, strategic advancements, and a deepening commitment to innovation in the carbon capture and energy sectors. Our collective achievements have strengthened our foundation, positioning Dotz to accelerate growth and expand our impact in the years ahead.

2024: A Year of Strategic Success

We set ambitious goals for 2024, and I am pleased to report that we not only met but, in many cases, exceeded them. One of our most notable accomplishments was the first commercial sale of **DotzShield** corrosion inhibitors monitoring solution, marking a critical step in the commercialization of our tagging solutions. The successful sale signals the market's recognition of our technology's value, and we are excited to see its continued uptake.

Our work with carbon management solutions made significant progress as well. Through the integration of our game-changing sorbents into both direct air capture (DAC) and point source capture applications, we advanced our technology readiness level. This leap forward represents a major step in ensuring that our solutions are ready for large-scale demonstration, and it underscores the tangible impact we can have on reducing carbon emissions in the coming years.

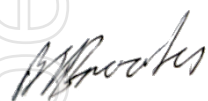
Further, the insights gained from our pilot programs have been invaluable, enabling us to refine and optimize our sorbents and build the foundation for the next phase of innovation. As we continue to optimize these solutions, we are more confident in their potential to revolutionize the way industries approach carbon capture and sustainability.

Looking Forward to 2025

As we look to the future, 2025 promises to be an exciting year for Dotz. We are committed to advancing the technology readiness of **DotzEarth**, with a clear focus on scaling our solutions through outdoor pilot demonstrations and ongoing optimization. We are also dedicated to further expanding the commercial footprint of **DotzShield**, ensuring that our tagging solution reaches more industries.

Our vision for the future is one of accelerated innovation, collaboration, and measurable impact. We believe that the advancements we've made in 2024 have laid a strong foundation for achieving our long-term goals, and with continued focus and dedication, we are positioned to drive even greater success in 2025 and beyond.

In closing, I would like to express my sincere gratitude to all of our stakeholders - our employees, partners, and investors - for your unwavering support and belief in Dotz's mission. Together, we are making meaningful strides toward a more sustainable and carbon-neutral world. I look forward to the journey ahead and to all that we will achieve together in 2025 and beyond.



Bernie Brookes AM
Dotz Nano Chairman

Dear fellow shareholders,

2024 has been a pivotal year for Dotz as we made significant strides towards our mission of leading the transition to a sustainable, carbon-neutral world. Our commitment to advancing carbon management affordable solutions has been at the forefront of our efforts, and this year, we executed on our strategic priorities with a focus on innovation, sustainability, and collaboration.

We are very encouraged as we look back at our accomplishments for the year:

A landmark achievement for the company, DotzShield's first commercial sale for corrosion inhibitors monitoring marks the successful introduction of our tagging solution to the market and specifically to the oil & gas industry.

Our work in advancing carbon management technology has reached significant milestones. We made substantial progress integrating our innovative sorbents into both direct air capture (DAC) and point source capture applications. This integration has elevated our technology readiness level (TRL) to TRL 5, a critical step towards scaling these solutions for commercial viability.

Our lab-scale pilots have provided valuable insights, and we are now positioned to continue advancing these technologies to a larger scale. The feedback from our early-stage pilot programs has been instrumental in refining and optimizing our sorbents, further driving the development of our carbon capture solutions.

We recently signed a strategic collaboration agreement with Bar-Ilan University (BIU) to pilot an innovative electrochemical DAC technology, developed by BIU. The parties have been awarded a non-dilutive development grant from Israel Innovation Authority for the development of an electrochemical pilot system for DAC.

We secured a strategic funding agreement of up to A\$12 million with US-based investment fund, of which AU\$7 million drawn to date. This funding agreement, together with the private placement we completed in July 2024, providing the Company with the runway needed in the near-term so that we can execute our plans for growth.

With a solid foundation in place, we are poised for a year of accelerated innovation, collaboration, and impact. Our strategic priority will be to advance the technology readiness of DotzEarth while further commercializing our corrosion inhibitors monitoring solution, DotzShield.

We will prioritize pilot demonstrations and the optimization of our sorbents to elevate DotzEarth towards higher technology readiness levels, paving the way for future strategic partnerships and collaborations towards global scaling and commercialization. We remain committed to pushing the boundaries of technology in carbon capture, with ongoing research and development aimed at improving efficiency and scalability across all our solutions.

As we reflect on the accomplishments of 2024, we are more confident than ever in our ability to drive meaningful change in the carbon capture and energy solution sectors. The path forward is clear, and with continued focus on innovation and strategic collaboration, we are positioned for a successful and impactful 2025.

Our commitment to excellence, coupled with the passion of our team, positions us well for continued growth and success. Together, we are making substantial progress toward a sustainable future. Thank you for your continued support and dedication to Dotz's mission.



Sharon Malka

Dotz Nano Chief Executive Officer

Your Directors present their report, together with the financial statements of Dotz Nano Limited ("the Company") and controlled entities ("the Group") for the financial year ended 31 December 2024.

Directors

The names and the particulars of the Directors of the Company during or since the end of the financial year are:

Name	Status	Appointed	Resigned
Mr Bernie Brookes AM	Non-Executive Chairman	15 January 2020	-
Mr Doron Eldar	Non-Executive Director	15 January 2020	-
Ms Kerry Harpaz	Non-Executive Director	2 September 2021	-
Mr Sharon Malka	CEO and Executive Director	22 March 2024	-
Mr Glenn Kelly	Non-Executive Director	7 March 2024	-
Mr Mitchell Board	Non-Executive Director	15 February 2024	-

Principal activities

The principal continuing activities of the Group during the year is developing, manufacturing and commercialising innovative solutions addressing global environmental and industrial challenges, utilising its carbon-based nano technologies. The Group two main areas of focus are:

- In-product tagging technology, with the first commercial solution for corrosion inhibitors monitoring for the oil & gas industry;
- Carbon dioxide (CO₂) management technologies, for both Direct Air Capture (DAC) and Point Source Capture (PSC) applications, lead towards a carbon-neutral future.

Dividends

There were no dividends paid, recommended during the financial year ended 31 December 2024 (2023: Nil)

Financial review

Dotz Nano Limited had a loss for the year of \$5,758,440 (31 December 2023: \$6,569,473). This included a non-cash amount of (\$488,603) share-based payments (31 December 2023: (\$711,052)).

The Group had a net asset position of \$369,738 at 2024 (31 December 2023: net asset \$2,399,666).

As at 31 December 2024, the Group's cash and cash equivalents balance was \$799,853 (31 December 2023: \$ 1,345,529).

The Directors are satisfied that the Group will have access to sufficient cash to fund its operation and meet its obligations and liabilities for a period of at least twelve months from the date of signing this report. Accordingly, the Directors consider the going concern basis of preparation to be appropriate.

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

Review of operations

The Company's significant activities in 2024 are outlined below.

Overview

Dotz Nano is a pioneering nanotechnology company specializing in carbon capture and product authentication solutions. By harnessing the power of nanotechnology, Dotz is delivering groundbreaking solutions to some of the world's most pressing environmental and industrial challenges.

Committed to a sustainable future, the company focuses on advancing carbon management technologies that facilitate the transition to a carbon-neutral world. At the heart of Dotz Nano's mission are innovative carbon management solutions, which include: **Direct Air Capture (DAC)** - Efficiently removes CO₂ directly from the atmosphere and **Point Source Capture (PSC)** - Effectively capture CO₂ from industrial diluted flue gases before release to the atmosphere.

The Company's unique strategy integrates novel porous sorbents with advanced process designs, enabling low-cost carbon capture and removal applications. Dotz's technology offers low-cost carbon capture solutions with vast scaling potential, backed by a network of global partnerships ready to monetize our innovations.

Simultaneously, the Company is continuing to further commercializing its tagging technology, **DotzShield**, with a focus on its corrosion inhibitor monitoring solution to the oil & gas industry.

In-product tagging Technology

First commercial sale of Dotz Shield tagging solution for corrosion inhibitors monitoring

During the fourth quarter of 2024, Dotz received the first commercial order of **DotzShield** corrosion inhibitors (CI) monitoring solution, from a leading U.S. service and chemistry solution provider to the Oil & Gas companies worldwide.

The order marks a pivotal milestone for Dotz in its commercialisation journey of **DotzShield**, validating the Company's innovative solution for real-time detection and dosage management of CI, as well as its potential market opportunity. The order follows a long-term collaboration between Dotz and ChampionX to develop, scale-up, and field test this unique solution across various locations in North America, delivering an advanced approach to CI management.

DotzShield technology provides an effective means to detect and quantify CI within oilfield premises, enabling on-site dosage management resulting with significant savings on maintenance cost associated with corrosion inhibitor overdosing and underdosing. Additionally, it greatly reduces the time needed to obtain reliable and valuable data in industrial settings.

This milestone signals the market's recognition of our technology's value, and we are excited to see its continued uptake.

Carbon management solutions

Lab-scale pilot demonstration of Dotz Earth technology

Dotz successfully completed a lab-scale pilot demonstration of its proprietary nano-porous point source sorbent utilising a moving bed temperature swing adsorption capture unit, simulating Waste-to-Energy flue gas conditions.

This accomplishment marked the advancement of DotzEarth's Technology Readiness Level ("TRL") to TRL 4-5, a significant step forward on the path to viability.

The lab-scale pilot testing was operated at defined process conditions - according to an adsorbent benchmarking protocol established by SINTEF ^[1]. The protocol demonstrated the superior results of the Dotz sorbent compared with existing commercial activated carbon sorbent. Most importantly, use of the Dotz nano-porous sorbent yielded higher adsorption capacity, and higher in situ desorption purity relative to the commercially available sorbent. In addition, stable performance of the Dotz sorbent was demonstrated over approximately 140 desorption/adsorption cycles.

These results corroborated the process simulations results previously conducted by SINTEF, which demonstrated the potential to significantly drive down the cost of CO₂ capture.

^[1] SINTEF is one of Europe's largest independent research organizations. SINTEF is Norway's largest research institute for energy and climate technology.

Scale-Up of Sorbent Production Capabilities

Dotz successfully completed a 1000x scale-up of the plastic waste-to-CO₂ sorbent synthesis process. This achievement has resulted in a significant increase in the Company's manufacturing capabilities, allowing to produce hundreds of grams in a single batch.

Characterisation of the sorbents from the scaled-up process has validated a superior absorption and selectivity of Dotz sorbents compared with existing commercial sorbents, indicating the potential to drive down the cost of carbon capture. Importantly, the scale-up also provides Dotz with production capacity to independently supply sorbent to potential partners for carbon capture demonstration at scale, which has facilitated discussions with multiple industrial players for potential co-development partnerships.

Developed an innovative modified sorbent for DAC and low concentration

Dotz developed an innovative functionalized microporous sorbent with ideal features for direct air capture (DAC) and low-concentration CO₂ industrial point-source applications. The functionalized sorbent is a proprietary surface-modified, microporous polymeric-based sorbent, which has been designed to maximize its adsorption properties. This yielded with a superior adsorbent material, specifically tailored for efficient capture of CO₂ in very low concentrations including DAC and low-concentration CO₂ industrial emissions.

Validation testing and process modelling conducted by Dotz's development partner, SINTEF and by industrial third parties, confirmed that Dotz's new surface-modified polymeric sorbent demonstrates exceptional adsorption capacity at very low CO₂ concentrations, and specifically for DACture. The results of DAC application modelling indicated excellent sorbent kinetics and low affinity for moisture and most notably, it demonstrated higher productivity of CO₂ adsorption and low energy usage compared to commercial PEI-sorbents.

Strategic collaboration agreement with Bar Ilan University

Recently, Dotz entered into a technology collaboration agreement with BIRAD Research and Development Ltd. (BIRAD), the technology licensing subsidiary of Bar-Ilan University (BIU), to piloting a pioneering electrochemical pilot system for DAC.

Under the collaboration agreement, the parties will jointly design, construct, and operate an outdoor field pilot system to demonstrate the technology in real life. The BIU research team will lead the development program, leveraging BIRAD's extensive experience and knowledge in electrochemical technologies and gas separation capabilities. The parties have received a non-dilutive grant from the Israel Innovation Authority (IIA) to fund the development of a pilot unit.

Funding and capitalization

On 5 February 2024, the Company has entered into a funding agreement with Mercer Street Global Opportunity Fund, LLC (Mercer), a US-based investment fund to raise up to A\$12 million (US\$8.2) via the issue of convertible notes (Convertible Securities Agreement).

During the first quarter of 2024, the Company issued Mercer Convertible Notes commencement shares and options at \$0.35 per share with a 36-month maturity in consideration of A\$5 million investment. The funds raised were allocated primarily with respect to the acceleration of DotzEarth development programs, as well as repayment of unsecured loan and general working capital requirements.

On 27 November 2024, Mercer and the Company executed a deed of variation in respect to Convertible Securities Agreement. Under the deed of variation, Mercer agreed to invest additional A\$2.0 million in the Company, of which A\$1.5 million was invested in November 2024. In addition, following the obtainment of shareholder approval on 9 January 2025, Mercer invested additional A\$0.5 million and the minimum conversion price of the convertible notes issued under the Agreement was amended to \$0.04 (See subsequent events).

The subsequent investment demonstrates Mercer's continued confidence in Dotz's strategy and the **DotzEarth** carbon capture technology. The funds will be used to maintain the strong momentum currently underway in the development of the **DotzEarth** carbon capture technology.

In August 2024, the Company raised AU\$2.3 million (US\$1.5 million) via private placement offering ("Placement") to a combination of existing and new institutional and sophisticated investors. The funds from the placement were used primarily to accelerate the development and exploitation of carbon capture technology – Dotz Earth, and support the Company's

general working capital requirements.

The Company will continue to evaluate its capital needs and alternatives to fund its capital requirements to ensure that it has the appropriate financial pathway to fund its operation towards the commercialisation of the DotzEarth technology.

The Company believes that it has access to sufficient funds to continue to meet its working capital requirements as at the date of this report.

On 31 May 2024, the shareholders approved a Long-Term Incentive Plan (Plan) and granting options and rights to executives and employees.

Dotz's shares commence trading on the OTCQB market and ADR program became effective

In response to increasing interest from institutional and retail investors in the U.S., Dotz's ordinary shares became available for quotation on the OTCQB® Venture Market, a U.S. trading platform that is operated by the OTC Markets Group Inc. in New York, under the symbol DTZZF. In addition, the Company has an effective American Depositary Receipts ("ADR") plan in place under the symbol DTZNY, and the ADRs will also be quoted on OTCQB.

The Company's shares will retain its primary listing on the Australian Stock Exchange (ASX).

Business continuity

Dotz confirms that it has a business continuity plan and procedures in place, ensuring operational and financial continuity. As a result, Dotz's operations and development activities are not impacted by the current situation in Israel.

Material Business Risks

The key risk factors affecting the Company are set out below. The occurrence of any of the risk below could adversely impact the Company's operating or financial performance. The Company is committed to high standards of corporate governance designed to enable the Company to meet its performance objectives and better manage its risks. The Audit and Risk Committee Charter requires that the Audit and Risk Committee (or, in its absence, the Board) should, at least annually, satisfy itself that the Company's risk management framework continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board

Company's current operations risks

(a) Research and development

The Company can make no representation that any of its research into or development of its technologies will be successful or that they will be developed into products that are commercially exploitable. There are many risks inherent in the development of carbon-based nano technologies products, particularly where the products are in the early stages of development. Projects can be delayed or fail to demonstrate any benefit, or research may cease to be viable for a range of scientific and commercial reasons.

(b) Commercialisation of the technology

The Company is in the business of development and commercialisation innovative solutions addressing global environmental and industrial challenges, utilising its carbon-based nano technologies.

The success of the Company will depend upon the Company's ability to commercialise its technologies. A failure to successfully commercialise the technologies in commercial quantities, could impact the Company's operating results and financial position.

The Company continues to focus its commercialisation activities in areas that are considered new markets for its technology. There is a risk that products produced by the Company will not be accepted by market participants in these fields (or other fields) (such as anti-counterfeiting, authentication and tracing solutions). Failure to create a market in these fields will have an adverse effect on the Company's potential profitability.

The Company is seeking to develop its technologies with organisations that provide chemical production industry services. If the Company is successful in developing the technology, there may be further additional risks associated with how the technology fits within industry standards (including legal and regulatory standards), and issues faced with production.

Global marketplace for most products is ever changing due to new technologies, new products, changes in preferences, changes in regulation and other factors influencing market acceptance or market rejection. This market volatility and risk exists despite the best endeavours of market research, promotion, and sales and licensing campaigns. There is a risk that if the

Company's technology is not accepted by the market or its products are not utilised in the Company's proposed markets or continuing to be utilised in the existing markets that currently use the technology, the Company will not be able to commercialise its products which could adversely impact the Company's operations.

Even if the Company does successfully commercialise its technology, there is a risk the Company will not achieve a commercial return and will not be able to sell products and services to clients at a rate which covers its operating and capital costs.

(c) Competition and new technologies

The industries in which the Company is involved are subject to increasing domestic and global competition which is fast-paced and fast-changing. While the Company undertakes all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively affect the operating and financial performance of the Company's projects and business. For instance, new technologies could result in the Company's technology not being differentiated to other similar offerings.

The size and financial strength of some of the Company's competitors may make it difficult for it to maintain a competitive position in the technology market. In particular, the Company's ability to acquire additional technology interests could be adversely affected if it is unable to respond effectively and/or in a timely manner to the strategies and actions of competitors and potential competitors or the entry of new competitors into the market. This may in turn impede the financial condition and rate of growth of the Company.

The key competition risk is in achieving appreciable market share and differentiation from its key competitors.

(d) Staff risk

There is a risk that knowledge will be lost in the event that development staff who have knowledge of the technology and business resign or retire. This involves the risk that those staff will have information in respect of the Company's intellectual property which has a commercial value to the Company as well as an opportunity cost for replacement of those staff and subsequent training.

This risk is mitigated as the Company has historically had low levels of staff turnover in the development teams. In addition, all staff contracts contain express provisions with respect to ownership of intellectual property and restraints of trade to limit any potential loss suffered by the Company to the maximum extent possible. Furthermore, the Company has taken measures to mitigate this risk by expanding its research staff so that technological intellectual property is not converged into one person but is disbursed among several people within the Company.

(e) Outsourcing

The Company outsources to consultants for expert advice and contracts organisations for some development, manufacturing, marketing and distribution services and there is no guarantee that such experts or organisations will be available as required or will meet expectations.

(f) Licensing and regulatory risks

Development, production and sale of the company's products in most markets are subject to local laws and regulations, including personal and environmental protection existing laws or regulations, or future laws or regulations that may adversely affect the Company. Compliance with such laws or regulations may significantly increase the Company's operating expenses.

(g) Protection of intellectual property rights

If the Company fails to protect its intellectual property rights adequately, competitors may gain access to its technology which may harm its business.

While the Company has developed its own method, process, know-how and intellectual property for manufacturing graphene and carbon quantum dots, which it believes is valuable and material to its business. It has not yet been granted patents for these methods and processes and the Company is in the process of applying for patents in respect thereof. As noted below, there can be no guarantee that such patents will ultimately be granted.

Securing rights to intellectual property is an integral part of securing potential product value from the development of information technology. Competition in retaining and sustaining protection of intellectual property and the complex nature of intellectual property can lead to expensive and lengthy patents disputes for which there can be no guaranteed outcome.

Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective patent, trademark, copyright and trade secret protection may not be available to the Company in every country in which the technology may eventually be sold. Accordingly, despite its efforts, the Company may not be able to prevent third parties from infringing upon or misappropriating the intellectual property.

Market conditions depending, the Company may be required to incur significant expenses in monitoring and protecting future intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and cause a distraction to management.

In addition, unauthorised use of the "Dotz" brand in competing products or services may not only result in potential revenue loss, but also have an adverse impact on its brand value and perceptions of its product qualities.

(h) Currency risk

The Company expects to derive a majority of its revenue in US dollars. The Company will also be required to pay fees in the currency for the State of Israel (shekel). Accordingly, changes in the exchange rate between the US dollar and the Australian dollar or the Israeli shekel and the Australian dollar would be expected to have a direct effect on the performance of the Company.

(i) Contractual risk

The operations of the Company necessitate involvement of a number of third parties. As with any contract generally, there is a risk that the business could be disrupted in situations where there is a disagreement or dispute in relation to a term of the contract. Should such a disagreement or dispute occur, this may have an adverse impact on the Company's operations and performance generally. It is not possible for the Company to predict or protect itself against all such risks.

General risks relating to the Company

(j) Additional requirements for capital

The Company's activities require substantial expenditure and depend on numerous factors. The Company anticipates that it will require further financing in the future.

If the Company is unable to use debt or equity to fund its business development activities after the substantial exhaustion of its cash reserves, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing, if available, may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities, including its ability to continue as a going concern. Unfavourable market conditions may also adversely affect the Company's ability to raise additional funding regardless of the Company's operating performance.

(k) Reliance on key management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and directors. There can be no assurance that there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner.

The Company is focused on ensuring the Board is of an appropriate size and collectively has the skills, commitment and knowledge of the Company and the industry in which it operates to enable it to discharge its duties effectively and add value. As part of this focus, the Company anticipates further Board changes to be made as and when appropriate.

(l) Trading price of Shares

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including the performance of the Australian dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors. Further, the U.S. over-the-counter (OTC) market can be affected by the US stock market and accordingly the Company's American Depositary

Receipts (ADRs) which are traded on the U.S. OTC market may be impacted by any such influences flowing from the U.S. stock market through to the U.S. OTC market.

(m) Litigation risks

The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims, employee claims, shareholder claims and disputes in relation to regulatory matters.

Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. As at the date of this Report the Company is not involved in any litigation proceedings against the Company which are currently on foot.

(n) Economic risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as: general economic outlook; interest rates and inflation rates; currency fluctuations; changes in investor sentiment toward particular market sectors; the demand for, and supply of, capital; and terrorism or other hostilities.

(o) Force majeure

The Company, now or in the future, may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(p) Acquisitions and business developments

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to the Company's business. Similarly the Company may continue to develop its technology in a way that it may be applied to new industries and for new purposes.

Any such future transactions or business developments are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, or moving into new areas, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.

(q) Infectious disease pandemics

Infectious disease pandemics such as the coronavirus, have the potential to interrupt the Company's operations, impair deployment of its products to customers and prevent suppliers or distributors from honouring their contractual obligations. Such pandemics could also cause hospitalisation or death of the Company's existing and potential customers and staff.

(r) Cyber risks and security breaches

The Company stores data in its own systems and networks and also with a variety of third-party service providers. A malicious attack on the Company's systems, processes or people, from external or internal sources, could put the integrity and privacy of customers' data and business systems at risk. It could prevent customers from using the products for a period of time, put its users' premises at risk and could also lead to unauthorised disclosure of data.

(s) Risk of an Israeli company

The Company's Israeli operations remain unaffected by military activities and attacks on Israel. All of the Company's employees have a home office setup in which they can work remotely if needed. However, any escalation of military activities in and attacks on Israel could adversely affect the Company's Israeli operations, the availability of the Company's employees and negatively impact its financial performance.

The Company's research and development facilities are based in Israel and accordingly, political, economic and military conditions in Israel and the surrounding region, and national, company, consumer and other boycotts, may directly affect the Company's business. Furthermore, several countries, principally in the Middle East, restrict business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies whether as a result of hostilities or otherwise. In addition, there have been increased efforts by activists to cause companies and consumers to boycott Israeli goods based on Israeli government policies. Such actions, particularly if they become more widespread, may have an adverse impact on the Company's ability to commercialise its products, its business operations and financial performance.

(t) Effect of global political situations

Political unrest and wars, such as the conflicts between Russia and Ukraine and Israel and Palestine (**Ukraine and Gaza Conflicts**), are impacting global economic markets and could delay or disrupt business activity, and if such political unrest escalates or spills over to or otherwise impacts additional regions, it could also heighten many of the other risk factors described in this Annual Report.

Further, any governmental or industry measures taken in response to the Ukraine and Gaza Conflicts, including limitations on travel and changes to import/export restrictions and arrangements involving the relevant countries may adversely impact the Company's operations and are likely to be beyond the control of the Company. The Company is monitoring the situation closely and considers the impact of the Ukraine and Gaza Conflicts on the Company's business and financial performance to, at this stage, be limited. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.

(u) Insurance risk

Our commercial insurance does not cover losses that may occur as a result of an event associated with the security situation in the Middle East. The reinstatement value of direct damages that are caused by terrorist attacks or acts of war that the Israeli government is currently committed to covering might not be maintained or, if maintained, might not be sufficient to compensate us fully for damages incurred. Accordingly, the occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on our operations, financial condition and results of the Company's operations.

Significant changes in the state of affairs

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

Significant events after the reporting period

Asset Purchase Agreement

On January 15, 2025, the Company and H2B signed a third amendment to the Asset Purchase Agreement and general release. Under this third amendment and following the achievement of certain milestones, the Company issued H2B 11.5 million shares, of which 2.5 million shares are subject to voluntary escrow until 15 January 2026 and 2.5 million unlisted options, become fully vested and exercisable on 15 January 2026 at price per ordinary share of A\$0.165, and expired 24 months thereafter.

In addition, each of the parties has discharged and extinguished all obligations and liabilities toward the other in connection with the Asset Purchase Agreement. No further securities are required to be issued under the Asset Purchase Agreement and no further payments are required to be made.

Mercer Funding Agreement

On 22 January 2025, following obtaining shareholder approval, the Company issued 550,000 convertible notes and 1,428,571 options for A\$500,000 invested by Mercer. In addition, the Deed of Variation amends the minimum conversion price of the convertible notes issued under the Agreement to \$0.04.

Grant of Securities

On 4 February 2025, the Board of Directors approved the grant of 770,000 options to employees and 1,117,300 RSUs to executives. The options are vested over a period of 3 years and exercisable at A\$0.10, subject to continued employment and expire five years from issue date. The RSUs are vested over a period of 3 months, subject to continued employment and expire five years from issue date. In addition, the Board approved the issue of 750,000 shares to the CEO.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Information on directors

Name: Mr Bernie Brookes AM
Title: Non-Executive Chairman
Qualifications: BA, Dip Ed
Experience: Mr. Brookes is an experienced Australian executive, CEO and Chairman with substantial expertise in retail, supply chain management, wholesale operations and IT systems. He has more than four decades of business management experience. Previously he was a senior Executive at Woolworths, CEO of Myer Holdings Limited for nine years and Edcon South Africa for three years.

Mr. Brookes strengths include expertise in business management, displaying energy and self-confidence with the ability to find solutions to complex situations through analytical, conceptual and entrepreneurial skills. Ultimately, he is motivated by results.

Mr Brookes is on the Advisory Board of the World Retail Congress as Australia's representative and is on the Grand Jury for the World Retail Awards. He was awarded an Order of Australia for his efforts in retail and Philanthropy and for over 30 years has been the Patron of Australia's largest retail industry award.

Other current directorships: Nil
Former directorships (last 3 years): Nil
Special responsibilities: Nil
Interests in shares: 3,340,000 Ordinary Shares
Interests in options: 3,000,000 Unlisted Options with exercise price of AU\$0.19 and expiry date of 02 May 2029

Name: Mr Doron Eldar
Title: Non-Executive Director
Qualifications: BA in Business Economics
Experience: Mr. Eldar brings more than a decade of experience in senior leadership roles and is currently a Melbourne-based partner at venture capital fund SIBF and Oxen9. Mr Elder has extensive experience within start-up and pre-revenue companies, executing the development of new business models, channel growth and effective go-to-market strategies.

Other current directorships: Nil
Former directorships (last 3 years): Nil
Special responsibilities: Nil
Interests in shares: 1,990,371 Ordinary Shares
Interests in options: 1,500,000 Unlisted Options with exercise price of AU\$0.19 and expiry date of 02 May 2029

Name: Ms Kerry Harpaz
Title: Non-Executive Director
Qualifications: LL.B - College of Management Academic Studies, Israel
 Practical Legal Training- The Collage Of law, Sydney, Australia
 Mind, Brain and Behaviour 1 – Psychology Course – Melbourne University, Australia
 Sustainability and Corporate Responsibility – Macquarie University, Australia
 Positive Psychology – Tel Aviv University, Israel
Experience: Mrs Harpaz, LLB, has more than 17 years of experience in senior management and leadership with speciality in building large teams with a focus on coaching and mentoring to build successful cultures.

Other current directorships: Nil
Former directorships (last 3 years): Nil
Special responsibilities: Nil
Interests in shares: 26,902,690 Ordinary Shares
Interests in options: 1,500,000 Unlisted Options with exercise price of AU\$0.19 and expiry date of 02 May 2029

Name: Mr Sharon Malka
Title: CEO and Executive Director
Qualifications: CPA, B.Sc in Business Administration, MBA
Experience: Mr Malka is an accomplished senior executive with over 20 years of strategic, operational, commercial and financial leadership in innovative technology companies. Prior to joining Dotz, Mr Malka served as Chief Executive Officer of MediWound Ltd, a Nasdaq-listed biopharmaceutical company. Prior to that, he was a partner at Variance Economic Consulting Ltd., a multi-disciplinary consulting boutique, specialising in financial services for international and local Hi-Tech clients.

Mr. Malka is a certified CPA and holds a B.Sc. in Business Administration from the Business Management College in Israel and an M.B.A. from Bar Ilan University, Israel.

Other current directorships: Nil
Former directorships (last 3 years): Nil
Interests in shares: 605,880 Ordinary Shares
Interests in options: 2,000,000 Unlisted Options with exercise price of AU\$0.30 and expiry date of 20 March 2028
2,000,000 Unlisted Options with exercise price of AU\$0.37 and expiry date of 20 March 2028
2,000,000 Unlisted Options with exercise price of AU\$0.44 and expiry date of 20 March 2028
2,000,000 Unlisted Options with exercise price of AU\$0.51 and expiry date of 20 March 2028
1,375,000 Unlisted Options with exercise price of AU\$0.57 and expiry date of 20 March 2029
1,467,750 Unlisted Options with exercise price of AU\$0.15 and expiry date of 02 May 2029
Interests in rights: 2,000,000 Performance Rights

Name: Mr Glenn Kelly
Title: Non- Executive Director
Qualifications: B.Sc (Hons) in Civil Engineering, MBA
Experience: Glenn Kelly has over 35 years of operational, business development and strategic leadership in the natural resources and clean technology sectors. Mr. Kelly holds an Honours B.Sc. degree in Civil Engineering from Queen's University and an MBA from Laval University.

He started his career in oil and gas exploration for Chevron Canada Resources. Mr. Kelly then undertook to develop underground storage of natural gas in Eastern Canada, as founder and President of Intragaz Inc. He was then named President of Rabaska Inc., a \$1 billion LNG import terminal project, after which he was named President and CEO of CO2 Solutions, which developed proprietary carbon capture technologies used for greenhouse gas reductions. In 2013 he was named Vice-President and COO of Orbite Aluminae, a producer of high purity alumina used in the fabrication of lithium-ion batteries. He was promoted to President in 2014 until the sale of the company to an Australian mining company in 2019. Mr. Kelly now serves on various boards and acts as a strategic consultant to technology companies.

Other current directorships: Nil
Former directorships (last 3 years): Nil
Special responsibilities: Nil
Interests in shares: Nil
Interests in options: 1,000,000 Unlisted Options with exercise price of AU\$0.21 and expiry date of 28 September 2028
1,000,000 Unlisted Options with exercise price of AU\$0.27 and expiry date of 28 September 2028
1,000,000 Unlisted Options with exercise price of AU\$0.34 and expiry date of 28 September 2028
1,500,000 Unlisted Options with exercise price of AU\$0.19 and expiry date of 02 May 2029

Name:	Mr Mitchell Board
Title:	Non-Executive Director
Qualifications:	B.Sc (Hons) in Economic and Social Sciences, EMBA
Experience:	Mitchell Board is an experienced executive with over 15 years of experience in carbon markets, global commodities trading, and renewables infrastructure investment. He has worked at top-tier firms, including Trafigura and Mercuria across the UK, Switzerland, Singapore, and Australia.
	Mitchell has built and grown international businesses with experience in trading, leadership, management, analysis, investment, contract negotiation, commercial development, logistics and strategy. Mr. Board holds an Honours B.Sc. degree in Economic and Social Sciences from University of Sydney and an EMBA from Quantic School of Business and Technology. Mr. Board also holds an Energy Innovation and Emerging Technologies Engineering Certificate from Stanford University School of Engineering. As Chief Investment Officer and Head of Markets at Climate Friendly, Mr. Board is responsible for the management of one of the world's leading carbon removal portfolios and growth of the company's customer base.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	30,000 Ordinary Shares
Interests in options:	1,500,000 Unlisted Options with exercise price of AU\$0.19 and expiry date of 02 May 2029

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Mr Bernie Brooks (Appointed 1 December 2024)

Qualification:	BA, Dip Ed
Experience:	Mr. Brookes is an experienced Australian executive, CEO and Chairman with substantial expertise in retail, supply chain management, wholesale operations and IT systems. He has more than four decades of business management experience. Previously he was a senior Executive at Woolworths, CEO of Myer Holdings Limited for nine years and Edcon South Africa for three years.

Mr Andrew Ritter (Resigned 1 December 2024)

Qualification:	B.Com, CA, FGIA, FCG (CS, GCP)
Experience:	Mr Ritter is an experienced Company Secretary, a Chartered Company Secretary and a Fellow of the Chartered Governance Institute with more than 20 years' experience, having worked with many ASX listed companies across a variety of industry sectors

Meetings of directors

The number of formal meetings of Directors held during the period and the number of meetings attended by each director was as follows:

Name	Appointed	Resigned	DIRECTORS' MEETING Number eligible to attend	DIRECTORS' MEETING Number attended
Mr Bernie Brookes AM	15 January 2020	-	18	18
Mr Doron Eldar	15 January 2020	-	18	18
Ms Kerry Harpaz	2 September 2021	-	18	17
Mr Sharon Malka	22 March 2024	-	13	13
Mr Glenn Kelly	7 March 2024	-	13	12
Mr Mitchell Board	15 February 2024	-	14	9

Unissued shares under options

At the date of this report, the unissued ordinary shares Dotz Nano Limited under option are as follows:

Expiry Date	Grant Date	Exercise Price	Number Under Option
14 September 2026	23 September 2022	AU\$0.475	7,118,644
31 May 2027	30 September 2022	AU\$0.400	1,035,000
31 May 2027	30 September 2022	AU\$0.500	1,035,000
31 May 2027	30 September 2022	AU\$0.330	1,035,000
1 March 2027	13 September 2023	AU\$0.500	565,000
1 March 2027	13 September 2023	AU\$0.400	565,000
1 March 2027	13 September 2023	AU\$0.330	565,000
20 March 2028	20 March 2023	AU\$0.298	2,000,000
20 March 2028	20 March 2023	AU\$0.367	2,000,000
20 March 2028	20 March 2023	AU\$0.436	2,000,000
20 March 2028	20 March 2023	AU\$0.505	2,000,000
20 March 2029	20 March 2023	AU\$0.573	1,375,000
1 April 2028	1 April 2023	AU\$0.330	365,000
1 April 2028	1 April 2023	AU\$0.400	365,000
1 April 2028	1 April 2023	AU\$0.500	365,000
1 August 2025	1 August 2023	AU\$0.350	9,903,750
15 August 2026	15 August 2023	AU\$0.800	8,000,000
15 August 2026*	15 August 2023	AU\$0.850	8,000,000
15 August 2026*	15 August 2023	AU\$0.900	8,000,000
15 August 2026*	15 August 2023	AU\$0.950	9,000,000
15 August 2028	28 September 2023	AU\$0.210	1,000,000
15 August 2028	28 September 2023	AU\$0.270	1,000,000
15 August 2028	28 September 2023	AU\$0.340	1,000,000
31 January 2027	5 February 2024	AU\$0.350	2,857,143
19 March 2027	19 March 2024	AU\$0.350	2,142,857
19 March 2027	19 March 2024	AU\$0.350	2,142,857
2 August 2026	2 August 2024	AU\$0.165	10,350,000
2 August 2026	9 August 2024	AU\$0.165	6,000,000
2 August 2026	9 October 2024	AU\$0.165	1,000,000
2 August 2026	4 November 2024	AU\$0.165	560,000
2 August 2026	12 November 2024	AU\$0.165	1,750,000
2 May 2029	26 September 2024	AU\$0.190	9,000,000
2 May 2029	26 September 2024	AU\$0.150	1,467,750
2 May 2029	26 September 2024	AU\$0.150	2,205,625
2 November 2027	28 November 2024	AU\$0.175	4,285,714
Total			<u>112,054,340</u>

* The vesting of these options is subject to achievement of certain milestones, as defined in the Asset Purchase Agreement

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

Shares Issue on Exercise of Options

During the year ended 31 December 2024, nil shares were issued on exercise of options (31 December 2023: 1,000,000).

Convertible Notes

At the date of this report, there are 6,918,307 Convertible Notes on issue, which have a face value each of AU\$1 and a maturity date of 18 months from the date of issue (5 February 2024).

Performance Shares

At the date of this report, there were no performance shares on issue.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Indemnifying officers

The Company indemnifies each of its Directors, officers and company secretary. The Company indemnifies each director or officer to the maximum extent permitted by the *Corporations Act 2001* from liability to third parties, except where the liability arises out of conduct involving lack of good faith, and in defending legal and administrative proceedings and applications for such proceedings.

The Company must use its best endeavours to insure a director or officer against any liability, which does not arise out of conduct constituting a wilful breach of duty or a contravention of the *Corporations Act 2001*. The Company must also use its best endeavours to insure a Director or officer against liability for costs and expenses incurred in defending proceedings whether civil or criminal.

Insurance premiums

During the year the Company paid insurance premiums to insure directors and officers against certain liabilities arising out of their conduct while acting as an officer of the Group. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.

Environmental regulation

In the normal course of business, there are no environmental regulations or requirements that the Company is subject to.

Future Developments, Prospects and Business Strategies

The Company's principal continuing activity is the development and commercialisation of technologies in the advanced materials industry. The Company's primary focus is the advancement of carbon management technologies offering an efficient and sustainable approach, as an enabler of carbon neutrality. Dotz Nano's mission are groundbreaking carbon management solutions, which include direct air capture and point source capture. The Company's future developments, prospects and business strategies are to continue to develop and commercialise these technologies.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, BDO Audit Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from their report on the financial report.

Non-audit services

During the year, BDO Audit Pty Ltd, the Company's auditor did not provide any services other than their statutory audits. Other BDO firms and divisions provided tax services to the Group. Details of their remuneration can be found within the financial statements at Note 8 Auditor's Remuneration.

The directors are of the opinion that the services as disclosed in Note 8 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's independence declaration

The auditor's independence declaration for the year ended 31 December 2024 has been received and can be found on page 25 of the financial report.

Remuneration report (audited)

This remuneration report for the year ended 31 December 2024 outlines the remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* (Cth), as amended (**Act**) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is set out under the following main sections:

- (1) Introduction
- (2) Remuneration governance
- (3) Executive remuneration arrangement
- (4) Non-executive Director fee arrangement
- (5) Details of remuneration
- (6) Additional disclosures relating to equity instruments
- (7) Loans to key management personnel (KMP) and their related parties
- (8) Other transactions and balances with KMP and their related parties
- (9) Voting of shareholders at last year's annual general meeting

1. Introduction

Key Management Personnel (**KMP**) have authority and responsibility for planning, directing and controlling the major activities of the Group. KMP comprise the directors of the Company and identified key management personnel.

Key management personnel covered in this report are as follows:

Name	Status	Appointed	Resigned
Bernie Brookes AM	Non-Executive Chairman	15 January 2020	-
Doron Eldar	Non-Executive Director	15 January 2020	-
Kerry Harpaz	Non-Executive Director	2 September 2021	-
Sharon Malka	CEO & Executive Director	20 March 2023 (CEO), 22 March 2024 (Director)	-
Glenn Kelly	Non-Executive Director	7 March 2024	-
Mitchell Board	Non-Executive Director	15 February 2025	-
Michael Shtein	Chief Technology Officer	1 August 2015	-
Liat Bar Ziv Alperovitz	Chief Financial Officer	1 March 2023	-

2. Remuneration governance

Compensation levels for KMP are competitively set to attract and retain appropriately qualified and experienced directors and executives. The Board may seek independent advice on the appropriateness of compensation packages, given trends in comparable companies both locally and internationally and the objectives of the Group's compensation strategy.

During the financial year, the Company did not engage any remuneration consultants.

3. Executive remuneration arrangements

The compensation structures are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. Compensation packages may include a mix of fixed compensation, variable compensation subject to the performance achievements, equity-based compensation, as well as employer contributions to superannuation funds. Shares and options may only be issued subject to approval by shareholders in a general meeting.

During the year ended 31 December 2024 the Company had three appointed executives, being Dr Michael Shtein as the Chief Technology Officer, Mr Sharon Malka as CEO and Executive Director and Ms Liat Bar Ziv Alperovitz as the Chief Financial Officer. The terms of their Executive Employment Agreements with Dotz Nano Limited are summarised in the following table.

Dr Michael Shtein

- Executive compensation of NIS40,000 (approximately \$11,300) per month for 50% position;
- Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies;
- This agreement may be terminated by either party with 30 days' notice from Dr Michael Shtein and 3 months' notice from the Company.

Mr Sharon Malka

- Executive gross salary is set as NIS 77,000 (approximately \$21,100) per month.
- Entitled to an annual bonus up to 30% of base remuneration, subject to the performance of the Executive.
- Entitled to 9,375,000 Options in accordance with the Company's Incentive Option Plan and subject to the approval of the Australian Company's board of directors and shareholders.
- The agreement may be terminated by either party at any time, by giving the other party 6 months advance notice.

Mr Liat Bar Ziv Alperovitz

- Executive gross salary is set at NIS 45,000 (approximately \$12,325) per month, which is the sum of gross monthly salary of NIS 35,000 (approximately \$9,586) and gross monthly global compensation for overtime work-hours of NIS 10,000 (approximately \$2,838).
- Entitled to an annual bonus of up to 20% of base remuneration, according to the Company's sole discretion.
- Entitled to 1,695,000 Options in accordance with the Company's Incentive Option Plan and subject to the approval of the Australian Company's board of directors and shareholders.
- The agreement may be terminated by either party at any time, by giving the other party 60 days advance notice.

Short-term Incentive Plan (STI)

At this stage the Board does not consider the Group's earnings or earnings related measures to be an appropriate key performance indicator (KPI). In considering the relationship between the Group's remuneration policy and the consequences for the Company's shareholder wealth, changes in share price are analysed as well as performance measures such as successful completion of research & development business development and corporate activities.

The STI performance measures align with our strategic priorities, shareholder value and fostering talented and engaged people and included the following: (i) securing and manage capital to support the company's growth; (ii) climbing technology readiness level (TRL) of DotzEarth towards TRL 4; (iii) securing strategic partnerships and collaborations; and (iv) individual performance evaluation.

In addition, the board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes, including reducing any deferred STI award.

Performance Conditions Linked to Remuneration

The incentive payments for the year ended 31 December 2024 have been approved by the Board on 4 February 2025.

The Group has established and maintains Dotz Nano Limited Employee Incentive Option Plan (**Plan**) to provide ongoing incentives to Eligible Participants of the Company. Eligible Participants include:

- a Director (whether executive or non-executive) of any Group Company;
- a full or part time employee of any Group Company;
- an employee or contractor of a Group Company; or
- a prospective participant, being a person to whom the Offer was made but who can only accept the Offer if arrangement has been entered into that will result in the person becoming an Eligible Participant.

The Board adopted the Plan to allow Eligible Participants to be granted Options to acquire shares in the Company.

The purpose of the Plan is to assist in the reward and motivation of Eligible Participants and link the reward of Eligible Participants to performance and the creation of Shareholder value. It is designed to align the interest of Eligible Participants more closely to the interests of Shareholders by providing an opportunity for Eligible Participants to receive shares. It provides the Eligible Participants with the opportunity to share in any future growth in value of the Company and provides greater incentives for Eligible Participants to focus on the Company's longer-term goals. During the year ended 31 December 2024 a total of 12,673,375 (31 December 2023: 12,165,000) options have been issued under this plan, out of which 12,530,250 were issued to KMP (31 December 2023: 11,070,000 options).

Group Performance

The table below shows the performance of the Group over the last 5 reporting periods:

Financial year	2024	2023	2022	2021	2020
Loss for the year	5,758,440	6,569,473	5,373,346	7,935,940	3,968,996
Loss per share (cents)	1.08	1.37	1.21	1.98	1.24
Share price	0.10	0.17	0.30	0.46	0.24

4. Non-executive Director fee arrangement

The Board policy is to remunerate Non-executive Directors at a level to comparable companies for time, commitment, and responsibilities. Non-executive Directors may receive performance related compensation. Directors' fees cover all main Board activities and membership of any committee. The Board has no established retirement or redundancy schemes in relation to Non-executive Directors.

The maximum aggregate amount of fees that can be paid to Non-executive Directors is presently limited to an aggregate of AU\$600,000 per annum and any change is subject to approval by shareholders at the General Meeting. Fees for Non-executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company. Total fees for the Non-Executive Directors for the financial year were \$354,266 (31 December 2023: \$332,861). During the year ended 31 December 2024 a total of 9,000,000 (31 December 2023: Nil) options have been issued under the Plan. Non-executive Directors may receive additional remuneration for other services provided to the Group.

5. Details of remuneration

31 December 2024	Short Term Salary, Fees & Commissions	Bonus*	Other**	Equity Settled***	Performance based remuneration	Total
	US\$	US\$	US\$	US\$	%	US\$
Directors:						
Bernie Brookes	117,707	-	-	18,460	-	136,167
Doron Eldar	58,853	-	-	9,230	-	68,083
Kerry Harpaz	58,853	-	-	9,230	-	68,083
Sharon Malka	347,992	39,073	7,869	295,752	7.83%	690,686
Glenn Kelly	60,000	-	-	86,187	-	146,187
Mitchell Board	58,853	-	-	9,230	-	68,083
Key management:						
Michael Shtein	146,753	8,226	7,208	11,116	4.75%	173,303
Liat Bar Ziv Alperovitz	207,712	8,226	3,028	60,430	2.94%	279,396
	-	-	-	-	-	-
	<u>1,056,723</u>	<u>55,525</u>	<u>18,105</u>	<u>499,635</u>		<u>1,629,988</u>

* Cash bonus is based on actual achievements of performance measures, which were partially achieved (~30% of max bonus) plus board discretion bonus in accordance with the Company's compensation policy.

** Other includes benefits such as car lease, fuel and etc paid to KMP.

*** Relates to equity settled options and performance rights.

31 December 2023	Short Term Salary, Fees & Commissions	Post- Employment Superannuation	Other*	Equity Settled**	Performance based remuneration	Total
	US\$	US\$	US\$	US\$	%	US\$
Directors:						
Bernie Brookes	141,525	-	-	-	-	141,525
Doron Eldar	98,470	-	-	-	-	98,470
Kerry Harpaz	79,732	-	-	-	-	79,732
Glenn Kelly	10,000	-	-	-	-	10,000
Mitchell Board	13,134	-	-	-	-	13,134
Key management:						
Sharon Malka	262,354	-	6,862	287,382	-	556,598
Michael Shtein	209,701	-	3,362	-	-	213,063
Liat Bar Ziv Alperovitz	170,002	-	1,854	59,665	-	231,521
Guy Khavia	115,649	-	679	39,542	-	155,870
	<u>1,100,567</u>	<u>-</u>	<u>12,757</u>	<u>386,589</u>		<u>1,499,913</u>

* Other includes benefits such as car lease, fuel and etc paid to KMP.

** Relates to equity settled options and performance rights.

6. Additional disclosures relating to key management personnel

KMP shareholdings

The number of ordinary shares in Dotz held by each KMP of the Group during the financial year is as follows:

31 December 2024	Balance at the start of the year	Granted as Remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at the end of the year
	No.	No.	No.	No.	No.
Directors					
Bernie Brookes	3,340,000	-	-	-	3,340,000
Doron Eldar	1,990,371	-	-	-	1,990,371
Kerry Harpaz	26,902,690	-	-	-	26,902,690
Sharon Malka	-	605,880	-	-	605,880
Glenn Kelly	-	-	-	-	-
Michell Board	30,000	-	-	-	30,000
Key Management:					
Michael Shtein	8,146,201	-	-	-	8,146,201
Liat Bar Ziv Alperovitz	-	174,148	-	-	174,148
Total	<u>40,409,262</u>	<u>780,028</u>	<u>-</u>	<u>-</u>	<u>41,189,290</u>

Options awarded, vested and lapsed during the year

The table below discloses the number of share options granted, vested or lapsed during the year.

Share options do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met, until their expiry date.

KMP Option holding

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

31 December 2024	Balance at the start of the year	Granted as remuneration	Exercised	Other changes	Balance at the end of the year	Vested and exercisable	Unvested and un- exercisable
	No.	No.	No.	No.	No.	No.	No.
Directors:							
Bernie Brookes	-	3,000,000	-	-	3,000,000	-	3,000,000
Doron Eldar	-	1,500,000	-	-	1,500,000	-	1,500,000
Kerry Harpaz	-	1,500,000	-	-	1,500,000	-	1,500,000
Sharon Malka	9,375,000	1,467,750	-	-	10,842,750	2,000,000	8,842,750
Glenn Kelly	3,000,000	1,500,000	-	-	4,500,000	2,000,000	2,500,000
Mitchell Board	-	1,500,000	-	-	1,500,000	-	1,500,000
	-	-	-	-	-	-	-
Key Management:							
Michael Shtein	-	500,000	-	-	500,000	-	500,000
Liat Bar Ziv Alperovitz	1,695,000	562,500	-	-	2,257,500	565,000	1,692,500
	<u>14,070,000</u>	<u>11,530,250</u>	<u>-</u>	<u>-</u>	<u>25,600,250</u>	<u>4,565,000</u>	<u>21,035,250</u>

Performance Rights Holding

The number of performance shares over ordinary shares held by each KMP of the Group during the financial year is as follows:

31 December 2024	Balance at the start of the year	Granted as remuneration	Vested	Expired/for feited/ other	Balance at the end of the year	Vested and exercisable	Unvested and un- exercisable
	No.	No.	No.	No.	No.	No.	No.
Directors:							
Bernie Brookes	-	-	-	-	-	-	-
Doron Eldar	-	-	-	-	-	-	-
Kerry Harpaz	-	-	-	-	-	-	-
Sharon Malka	-	2,000,000	-	-	2,000,000	-	2,000,000
Glenn Kelly	-	-	-	-	-	-	-
Mitchell Board	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Key Management:							
Michael Shtein	-	-	-	-	-	-	-
Liat Bar Ziv Alperovitz	-	-	-	-	-	-	-
	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>

Terms and conditions of the share-based payment arrangements

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Number of options	Risk-free rate	Fair value at grant date (AU\$)	Fair value at grant date (US\$)	Maximum value yet to vest (US\$)
26/09/2024	02/05/2029	AU\$0.089	AU\$0.190	75%	9,000,000	3.57%	AU\$360,716	US\$247,884	US\$180,501
26/09/2024	02/05/2029	AU\$0.089	AU\$0.150	75%	1,467,750	3.57%	AU\$130,630	US\$89,769	US\$69,388
01/08/2024	02/05/2029	AU\$0.110	AU\$0.150	75%	2,205,625	3.57%	AU\$242,619	US\$166,728	US\$117,177

Vesting:

9,000,000 director options vest as follows: half the options will vest on 19 July 2025 and the remainder will vest on 19 July 2026.

1,467,750 CEO options and 2,205,625 executive options will vest as follows: one third will vest on 19 July 2025, another third will vest on 19 July 2026 and the remainder will vest on 19 July 2027.

Performance Rights

Effective as of 25 January 2024, the Company granted 2,000,000 Performance Rights to the CEO of the Company, which were subject to obtaining shareholders' approval, received in May 2024. The Performance Rights vest subject to achievement of operational milestones as set by the Board and a summarised below within 12 months of the commencement of the plan, and the performance rights would be subject to a 2 year escrow period:

- Milestone 1 - Capital Management - 750,000 performance rights will vest upon securing AU\$10m or more.
- Milestone 2 - Strategic Investment - 250,000 performance rights will vest upon securing AU\$1m from strategic investor.
- Milestone 3 - Carbon Capture Technology Development - 300,000 performance rights will vest on achieving successful development, testing and operation of carbon capture technology up to Technology Readiness Level 4 (TRL4).
- Milestone 4- Market Capitalisation - 700,000 performance rights will vest on upon achieving a sustained increase in enterprise value with market capitalisation of 120m and maintaining this value as an average over a period of 90 days.

The fair value of the Performance Rights was measured based on Management's estimation as to the probability of meeting each of the milestones for Milestones 1 to 3.

The fair value of Milestone 4 performance rights were valued using Hoadley Option Valuation Model using the following inputs:

Milestone 4 performance rights were valued using Monte Carlo valuation methodology using the following inputs:

Exercise price	Price target	Implied barrier	Days to vesting	Days to expiry	Volatility	Dividend yield
Nil	AU\$0.229	AU\$0.386	239	5,583	72%	Nil

Ordinary Shares

During the reporting period, the Company granted 1,049,982 ordinary shares as short term incentives to the CEO, CFO and Company Secretary. The value of these shares was determined based on market price at issue date and totalled to AU\$96,598/US\$64,845.

7. Loans to key management personnel (KMP) and their related parties

	2024	2023
Balance at the start of year	-	284,017
Interest paid and payable	-	(7,403)
Repayment received	-	(276,614)
Highest indebtedness during the year	-	284,017

No write-downs or allowances for doubtful receivables have been recognised in relation to this loan.

8. Other transactions and balances with KMP and their related parties

The Group acquired the following services from entities that are controlled by members of the group's key management personnel.

Some Directors have held positions in other companies, where it is considered they control or significantly influence the financial or operating policies of those entities. In the last financial year, the following entities provided services to the Group. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Entity	Nature of transactions	Key Management Personnel	Total Transactions		Payable Balance	Payable Balance
			2024 US\$	2023 US\$	2024 US\$	2023 US\$
Kerry Harpaz	Loan payable	Kerry Harpaz	-	51,041	-	51,041
RGO Family Trust – Doron Eldar	Rent	Doron Eldar	9,417	-	2,977	-
RGO Family Trust – Doron Eldar	Investor relations	Doron Eldar	27,465	-	8,685	-
Kerry Harpaz	Interest paid	Kerry Harpaz	6,539	-	-	-
Mitchell Broad	Interest paid	Mitchell Broad	9,808	-	-	-

9. Voting of shareholders at last year's annual general meeting (AGM)

At the AGM held on 31 May 2024, 99.76% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2023. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

This concludes the remuneration report, which has been audited.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Bernie Brookes AM
Chairman

28 February 2025



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Australia

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

As lead auditor of Dotz Nano Limited for the year ended 31 December 2024, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink, appearing to read 'Ashleigh Woodley', is written over a light grey grid background.

Ashleigh Woodley
Director

BDO Audit Pty Ltd
Perth
28 February 2025

Dotz Nano Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2024



	Note	31 December 2024 US\$	31 December 2023 US\$
Revenue from contracts with customers		-	53,025
Cost of revenue		-	(12,517)
Gross profit		-	40,508
Expenses			
Research and development expenses	4	(1,314,079)	(1,224,635)
General, administrative, selling and marketing expenses	5	(2,934,035)	(3,585,608)
Share based compensation	22	(488,603)	(711,052)
Operating loss		(4,736,717)	(5,480,787)
Finance costs		(1,021,723)	(1,088,686)
Loss before income tax expense		(5,758,440)	(6,569,473)
Income tax expense	6	-	-
Loss after income tax expense for the year		(5,758,440)	(6,569,473)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations	21	(74,820)	69,312
Other comprehensive income/(loss) for the year, net of tax		(74,820)	69,312
Total comprehensive income loss for the year		<u>(5,833,260)</u>	<u>(6,500,161)</u>
		Cents	Cents
Basic and diluted loss per share	9	(1.08)	(1.37)

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

Dotz Nano Limited
Consolidated statement of financial position
As at 31 December 2024



	Note	31 December 2024 US\$	31 December 2023 US\$
Assets			
Current assets			
Cash and cash equivalents	10	799,853	1,345,529
Trade and other receivables		27,657	187,069
Inventories		-	7,319
Other assets	14	94,298	132,165
Total current assets		<u>921,808</u>	<u>1,672,082</u>
Non-current assets			
Plant and equipment	12	230,710	250,490
Right-of-use assets	13	224,667	469,755
Intangible assets	15	4,158,765	4,265,100
Total non-current assets		<u>4,614,142</u>	<u>4,985,345</u>
Total assets		<u>5,535,950</u>	<u>6,657,427</u>
Liabilities			
Current liabilities			
Trade and other payables	16	991,987	852,655
Lease liabilities	13	239,528	256,250
Financial liability	17	2,938,239	2,875,324
Derivative financial instrument	18	900,653	-
Provisions		58,584	46,352
Liability for unissued shares	19	37,221	-
Total current liabilities		<u>5,166,212</u>	<u>4,030,581</u>
Non-current liabilities			
Lease liabilities	13	-	227,180
Total non-current liabilities		<u>-</u>	<u>227,180</u>
Total liabilities		<u>5,166,212</u>	<u>4,257,761</u>
Net assets/ (liabilities)		<u>369,738</u>	<u>2,399,666</u>
Equity			
Issued capital	20	43,702,146	40,701,153
Reserves	21	9,659,908	8,932,389
Accumulated losses		<u>(52,992,316)</u>	<u>(47,233,876)</u>
Total (equity/ (deficiency))		<u>369,738</u>	<u>2,399,666</u>

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

Dotz Nano Limited
Consolidated statement of changes in equity
For the year ended 31 December 2024



	Issued Capital	Performance Rights Reserve	Options Reserve	Foreign Currency Reserve	Accumulated losses	Total in equity
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2023	33,718,491	-	6,723,986	(22,659)	(40,664,403)	(244,585)
Loss after income tax expense for the year	-	-	-	-	(6,569,473)	(6,569,473)
Other comprehensive income for the year, net of tax	-	-	-	69,312	-	69,312
Total comprehensive income/(loss) for the year	-	-	-	69,312	(6,569,473)	(6,500,161)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of shares (note 20)	4,958,190	-	-	-	-	4,958,190
Exercise of options (note 20)	92,712	-	-	-	-	92,712
Share-based payments (note 22)	1,931,760	-	2,161,750	-	-	4,093,510
Balance at 31 December 2023	<u>40,701,153</u>	<u>-</u>	<u>8,885,736</u>	<u>46,653</u>	<u>(47,233,876)</u>	<u>2,399,666</u>
	Issued Capital	Performance Rights Reserve	Options Reserve	Foreign Currency Reserve	Accumulated losses	Total in equity
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2024	40,701,153	-	8,885,736	46,653	(47,233,876)	2,399,666
Loss after income tax expense for the year	-	-	-	-	(5,758,440)	(5,758,440)
Other comprehensive income loss for the year, net of tax	-	-	-	(74,820)	-	(74,820)
Total comprehensive income loss for the year	-	-	-	(74,820)	(5,758,440)	(5,833,260)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of shares(note 20)	2,936,148	-	-	-	-	2,936,148
Share-based payments (note 22)	64,845	15,289	787,050	-	-	867,184
Balance at 31 December 2024	<u>43,702,146</u>	<u>15,289</u>	<u>9,672,786</u>	<u>(28,167)</u>	<u>(52,992,316)</u>	<u>369,738</u>

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

Dotz Nano Limited
Consolidated statement of cash flows
For the year ended 31 December 2024



	Note	31 December 2024 US\$	31 December 2023 US\$
Cash flows from operating activities			
Receipts from customers		7,050	61,746
Payments to suppliers and employees		(3,106,148)	(4,682,271)
Interest received		4,026	18,443
Interest paid		(19,344)	(12,366)
Net cash used in operating activities	11	(3,114,416)	(4,614,448)
Cash flows from investing activities			
Payments for plant and equipment		(81,688)	(138,706)
Payment for intellectual property		-	(562,294)
Proceeds from disposal of investments		-	7,000
Net cash used in investing activities		(81,688)	(694,000)
Cash flows from financing activities			
Proceeds from issue of shares	20	1,755,937	2,597,763
Proceeds from exercise of options	20	-	92,712
Proceeds from issue of convertible loan	17	4,204,017	-
Proceeds from repayment of related party loan		-	277,250
Proceeds from borrowings		575,767	1,003,812
Repayment of borrowings		(3,210,331)	-
Repayment of lease liabilities		(273,496)	(276,560)
Transaction costs relating to borrowings		(374,669)	(73,375)
Proceeds from unissued shares		37,222	-
Net cash from financing activities		2,714,447	3,621,602
Net decrease in cash and cash equivalents		(481,657)	(1,686,846)
Cash and cash equivalents at the beginning of the financial year		1,345,529	3,048,878
Effects of exchange rate changes on cash and cash equivalents		(64,019)	(16,503)
Cash and cash equivalents at the end of the financial year	10	<u>799,853</u>	<u>1,345,529</u>

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

Note 1. Reporting entity

These consolidated financial statements cover Dotz Nano Limited (**Company**) and its controlled entities as a consolidated entity (also referred to as **Group**). Dotz Nano Limited is a company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity.

The financial statements were issued by the board of directors of the Company on 28 February 2025.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Note 2. Material accounting policies

Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (**AASBs**) (including Australian interpretations) adopted by the Australian Accounting Standard Board (**AASB**) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Going Concern

The 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 year ended 31 December 2024 of US\$5,758,440 (31 December 2023: US\$6,569,473) and net cash outflows from operating activities of US\$3,114,416 (31 December 2023: US\$4,614,448). The Group had working capital deficit of US\$70,176 (31 December 2023: working capital of US\$819,427).

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

The Group has 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 Directors believe that there are sufficient funds available to continue to meet the Group's working capital requirements as at the date of this report and that sufficient funds will be available to finance the operations of the Group for the following reasons:

- The Directors of Dotz Nano Limited have assessed the likely cash flow for the 12 month period from the date of signing this financial report and its impact on the Group and believe there will be sufficient funds to meet the Group's working capital requirements as at the date of this report.
- The Company has access to additional financing through facility with Mercer Street Global Opportunity Fund, LLC (refer to note 17)
- 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 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 2. Material accounting policies (continued)

Adoption of new and amended accounting standards

The Group has reviewed all of 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 2024. 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 year.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each entity within the Group is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in USA dollars which is the Group's presentational currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognized other comprehensive Income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than USA dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

The accounting policies that are material to the consolidated entity are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Share based payments

The Group initially measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them, as well as an assessment of the probability of achieving non-market based vesting conditions.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 22 'Share-based payments'

Bird Grant Liability

Government grant liability reflects the grant received from the Bird Foundation. The grant is repayable upon the Group commencing product commercialisation and generating revenue from sale of product, with repayments being based on 5% of each dollar of revenue related to the grant's sponsored development. The total repayment is based on the timing of the repayment and ranges from the grant amount to 150% of the grant amount. As required by AASB 9 Financial Instruments, the liability has been recognised at fair value on initial recognition and subject to management's estimate of discount rate, and the timing and quantity of future revenues. As the Company currently does not expect to generate revenues from the development under this grant the fair value of the liability at reporting date was determined to be nil. The Company will continue from time to time to evaluate the probability of revenue generation from the development made under this grant.

Lease term and discount rate used

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise option, or not exercise option a termination option. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The determination of the Group's discount rate is set by reference to the market yields at the end of the reporting period on government bonds.

Financial liability

Included in note 17 is a financial liability in relation to convertible securities agreement. There are significant estimates and judgements involved in determining the fair value of the various components of the hybrid instrument.

Acquisition of intangible assets

The Group initially measured the cost of equity-based contingent consideration, with regards to the acquisition of technology-based assets, by reference to the fair value of the equity instruments at the date of the acquisition. This estimate requires determination of the probability of future events to occur or conditions to be met.

Note 4. Research and development expenses

	31 December 2024 US\$	31 December 2023 US\$
Wages and benefits	510,399	571,408
Consulting fees	186,039	413,458
Lab expenses	199,237	24,604
SRA, patent & Licence fee	156,322	154,619
Amortisation of intangible assets	106,335	-
Other expenses	155,747	60,546
Total	<u>1,314,079</u>	<u>1,224,635</u>

Note 5. General, administrative, selling and marketing expenses

	31 December 2024 US\$	31 December 2023 US\$
Wages and benefits	1,102,541	1,426,555
Consulting fees	467,366	356,899
Sales and marketing expenses	294,666	785,044
Director fees	353,836	341,462
Depreciation of right-of-use-assets	245,090	285,038
Depreciation of Fixed assets	78,926	68,385
Other expenses	391,610	322,225
Total	<u>2,934,035</u>	<u>3,585,608</u>

Accounting policy for operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

Note 6. Income tax

The financial accounts for the year ended 31 December 2024 comprise the results of Dotz Nano Limited ("Dotz Australia") and Dotz Nano Ltd ("Dotz Israel"). The legal parent is incorporated and domiciled in Australia where the applicable tax rate is 30% (2023: 25%). The applicable tax rate in Israel is 23% (2023: 23%).

	31 December 2024 US\$	31 December 2023 US\$
(a) Income tax expense	-	-
Current tax	-	-
Deferred tax	-	-
(b) The prima facie tax payable on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Income tax expense/(benefit) on operating loss at 30% (2023: 25%)	(1,727,532)	(1,642,368)
Non-deductible items	-	-
Non-deductible expenditure	653,512	384,005
Adjustment for difference in tax rates	(19,768)	(115,242)
Temporary differences not recognised	1,093,788	1,373,605
Income tax attributable to operating income/(loss)	-	-
Deferred tax assets	-	-
Tax losses	1,110,528	1,401,259
Other deductions	30,779	37,673
Unrecognised deferred tax asset	1,141,307	1,438,932
Set-off deferred tax liabilities	-	-
Less deferred tax assets not recognised	(1,141,307)	(1,438,932)
Net assets	<u>-</u>	<u>-</u>

Note 6. Income tax (continued)

Deferred tax liabilities	-	-
Set-off deferred tax assets	-	-
Net deferred tax liabilities	-	-
Tax losses	-	-
Unused tax losses for which no deferred tax asset has been recognised	10,408,390	8,517,986

Carry forward losses

As at 31 of December 2024, the Dotz Nano Ltd had carried forward losses and other temporary differences amounting to \$21,144,473 and a capital loss of \$494,410. Dotz Nano Limited had carried forward losses and other temporary differences of A\$8,938,546.

Potential future income tax benefits attributable to tax losses carried forward have not been brought to account at 31 December 2024, because the Directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable.

Accounting policy for income tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (**income**) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Note 7. Related party transactions

Subsidiaries

Interests in subsidiaries are set out in note 28.

a) Key management personnel compensation

Details of key management personnel compensation are disclosed in audited remuneration reports and the totals of remuneration paid to KMP during the year are summarised below:

	31 December 2024 US\$	31 December 2023 US\$
Short-term salary, fees and commissions	1,056,723	1,100,567
Bonus and other	73,630	12,757
Share based payments (Refer Note 22)	499,635	386,589
Total KMP Compensation	1,629,988	1,499,913

b) Other related party transactions

All transactions were made on normal commercial terms and conditions and at market rates. Details of other related party transactions is provided in remuneration report and summarised below:

Entity	Nature of transactions	Key Management Personnel	Total Transactions 2024 US\$	Total Transactions 2023 US\$	Payable Balance 2024 US\$	Payable Balance 2023 US\$
Kerry Harpaz	Loan payable	Kerry Harpaz	-	51,041	-	51,041
RGO Family Trust – Doron Eldar	Rent	Doron Eldar	9,417	-	2,977	-
RGO Family Trust – Doron Eldar	Investor relations	Doron Eldar	27,465	-	8,685	-
Kerry Harpaz	Interest paid	Kerry Harpaz	6,539	-	-	-
Mitchell Broad	Interest paid	Mitchell Broad	9,808	-	-	-

Note 8. Auditor's remuneration

	31 December 2024 US\$	31 December 2023 US\$
Remuneration of the auditor of the Group for:		
- Auditing and reviewing the financial reports (BDO) - Australia	59,311	51,198
- Auditing and reviewing the financial reports (BDO) - Israel	44,625	44,625
	103,936	95,823
Non-assurance services		
- Tax (BDO) - Australia	9,678	3,350
- Tax (BDO) - Israel	4,000	2,964
	13,678	6,314

Note 9. Loss per share

	31 December 2024 US\$	31 December 2023 US\$
Loss after income tax attributable to the owners of Dotz Nano Limited	(5,758,440)	(6,569,473)

Note 9. Loss per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basis and diluted loss per share	<u>531,474,957</u>	<u>478,844,807</u>
	Cents	Cents
Basic and diluted loss per share	(1.08)	(1.37)

Accounting policy for loss per share

Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to the owners of Dotz Nano Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted loss per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 10. Cash and cash equivalents

	31 December 2024 US\$	31 December 2023 US\$
Cash at bank	762,632	1,345,529
Restricted cash	<u>37,221</u>	<u>-</u>
Total cash and cash equivalents in the statement of cash flows	<u>799,853</u>	<u>1,345,529</u>

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash on hand that is not used for ongoing operations is invested in bank deposits in Australian Dollar.

Note 11. Cash flow information

Reconciliation of loss after income tax to net cash used in operating activities

	31 December 2024 US\$	31 December 2023 US\$
Loss after income tax expense for the year	(5,758,440)	(6,569,473)
Adjustments for:		
Depreciation	78,926	68,385
Loss on disposal of fixed assets	22,542	-
Share-based payments expense	488,603	711,053
Foreign exchange	68,134	49,604
Amortisation	351,423	285,038
Finance expense	1,278,236	1,050,681
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	159,412	(150,086)
Decrease in prepayments	37,867	615,433
Decrease in inventory	7,319	225
Increase/(decrease) in trade and other payables	139,330	(683,646)
Increase in other provisions	12,232	8,338
Net cash used in operating activities	<u>(3,114,416)</u>	<u>(4,614,448)</u>

Non-cash investing and financing activities

During the year ended 31 December 2023 Dotz Nano Ltd acquired the technology assets of H2 Blue Tech Limited, with part of the consideration being settled in issue of shares and options, refer to Note 15 for further information.

Other

For risk exposure refer to Note 24.

Changes in liabilities arising from financing activities

	US\$
Balance at 1 January 2023	1,871,513
Net cash from financing activities	1,281,062
Other changes	<u>(277,251)</u>
Balance at 31 December 2023	2,875,324
Net cash from financing activities	1,194,784
Other changes	<u>(1,131,869)</u>
Balance at 31 December 2024	<u>2,938,239</u>

Note 12. Plant and equipment

	31 December 2024 US\$	31 December 2023 US\$
<i>Non-current assets</i>		
Plant and equipment - at cost	761,819	751,951
Less: Accumulated depreciation	<u>(531,109)</u>	<u>(501,461)</u>
	<u>230,710</u>	<u>250,490</u>

Note 12. Plant and equipment (continued)

Opening balance at reporting date	250,490	189,296
Additions	81,688	129,579
Disposal	(22,542)	-
Depreciation	(78,926)	(68,385)
Balance at the end of the year	230,710	250,490

Accounting policy for property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 13. Right-of-use assets

31 December 2024	31 December 2023
US\$	US\$

i. AASB 16 related amounts recognised in the statement of financial position

Office space - right-of-use	224,667	469,755
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The group leases office space and vehicles. Rental contracts are typically made for a fixed period of 1-3 years, with extension options available on the office lease. Lease terms are negotiated on an individual basis and contain a range of terms and conditions.

ii. Lease liabilities included in the statement of financial position

Current	239,528	256,250
Non-current	-	227,180
Total lease liabilities	239,528	483,430

iii. AASB 16 related amounts recognised in the statement of profit and loss

Depreciation charge related to right-of-use assets	245,090	285,038
Interest expense on lease liabilities (under finance cost)	12,873	12,504
	257,963	297,542

iv. AASB 16 related amounts recognised in the statement of cash flows

Cash outflows in financing activities	243,901	283,309
Cash outflows in operating activities	12,873	12,504
	256,774	295,813

Note 13. Right-of-use assets (continued)

Short term leases and leases of low-value assets

The Group at the end of the year had non-material short-term leases.

The Group applies the low-value assets recognition exemption to leases of office equipment that are considered low value (\$10,000 or less). Lease payments on short-term leases and leases of low-value assets are recognised as expense on straight-line basis over the lease term.

Accounting policy for leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Operating lease payments, where substantially all the risk and benefits remain with the lessor, are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Leases are recognised as a right-of-use asset and corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate
- Amount expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for termination the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use asset

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Right-of-use assets that meet the definition of investment property are measured at fair value where the consolidated entity has adopted a fair value measurement basis for investment property assets.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 14. Other assets

	31 December 2024 US\$	31 December 2023 US\$
<i>Current assets</i>		
Prepayments	94,298	132,165

Note 15. Intangible assets

	31 December 2024 US\$	31 December 2023 US\$
<i>Non-current assets</i>		
Intangible assets - at cost, net of amortisation	4,158,765	4,265,100

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Total US\$
Balance at 1 January 2023	-
Additions on acquisition	4,265,100
Balance at 31 December 2023	4,265,100
Amortisation expense	(106,335)
Balance at 31 December 2024	4,158,765

On 19 May 2023, the Company entered into an asset purchase agreement with H2 Blue Tech Ltd to acquire its innovative Carbon Dioxide (CO₂) capture technology as amended on 3 August 2023 and on 30 January 2024 ("Asset Purchase Agreement"). The transaction was subject to shareholder approval which was granted on 31 May 2023.

Under the terms of the Asset Purchase Agreement, Dotz acquired H2 Blue's assets and technology for upfront consideration of 19,500,000 Shares and 8,000,000 Options in Dotz as well as US\$450,000 in cash plus additional deferred consideration of up to a further 24,300,000 Shares and 25,000,000 Options in Dotz and US \$1,630,000 in cash, which may be payable for achievement of certain performance milestones, outlined below. These milestones can be satisfied at any time within 3 years of completion and in any order.

Note 15. Intangible assets (continued)

		Shares	Options	Cash
Timing				
	Total Max. consideration payable upon achievements of certain performance milestones	40.0m	33.0m	\$2,380,000
On closing		19.5m	8.0m (e.p2 \$0.80)	\$450,000
Earn out A	upon successful scale-up production of Carbon-based Sorbent from recycled plastic that meets pre-defined performance parameters	7.5m	8.0m (e.p \$0.85)	-
Earn out B	upon lab scale pilot unit with a capacity of capturing 1 tonne per day of CO ₂ , capturing at an efficiency rate of 90%	7.5m	8.0m (e.p \$0.90)	\$550,000
Earn out C	upon (i) a non-diluting and non-refundable grant funding of \$5m and (ii) partnership with at least US\$3 million investment in the CO ₂ captured activity with a major strategic partner	7.9m	9.0m (e.p \$0.95)	\$550,000
Earn out D	upon successful recruitment of carbon capture leadership team and special matter experts	1.4m		\$530,000

Under the Asset Purchase Agreement the consideration comprised of the following:

- Cash consideration of \$450,000 and associated costs of \$141,731, paid upon closing.
- Issue of consideration ordinary shares (15,700,000 at A\$0.19) valued at \$1,931,761 (refer to Note 21).
- Issue of consideration options (8,000,000 @ exercise price of A\$0.80) valued at \$159,598 using Black and Scholes option valuation (refer to Note 22)
 - Payable upfront payment balance of \$300,000. On February 5, 2024, the company signed a second amendment to the Asset Purchase Agreement, according to which the Company will issue 3,800,000 Ordinary shares in lieu of cash upfront payment of \$300,000.
- Non-cash consideration being settled by issuance of shares and option measured as of the acquisition date valued at \$1,282,010.
- The achievement of the milestones has been assessed to have a probability of between 30-50% in the next few years. This judgement is based on the early stage development and uncertainty with regards to the time the key milestones will be achieved.

On 15 January 2025, the parties signed a third amendment to the Asset Purchase Agreement and general release. As a result, no further securities are required to be issued under the Asset Purchase Agreement and no further payments are required to be made (see Note 29).

Note 15. Intangible assets (continued)

Accounting policy for intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Given the asset technology readiness level at the date of the acquisition it was not yet available for use. As such, the asset, was initially classified as having an indefinite useful life upon acquisition. The Group tests whether carrying value of intangible assets not yet ready for use have suffered any impairment on an annual basis in accordance with AASB 136. For the 2023 reporting period, the recoverable amount of the intangible asset was determined based on the fair value less costs of disposal methodology.

Following substantial development advancements made during 2024 and completion of development milestones and in light of the asset's operational status and the evolving nature of the technology industry, the initial classification of an indefinite useful life no longer applies. Hence, the Group reclassified the asset to having finite useful life and estimated a useful life of 10 years, which reflects the period during which the Group believes that the asset is expected to generate economic benefits. As a result, the asset is amortized over its estimated useful life. The amortization method will be straight-line based on the company's accounting policies.

Accounting policy for variable payments in an asset acquisition:

Contingent cash consideration in an asset acquisition is recognised as a financial liability only when the consideration is contingent upon future events that are beyond Dotz's control. In cases where the payment is within Dotz's control, the liability is recognised only as from the date when the contingent payment crystallises.

Contingent non-cash consideration, settled by equity instruments, are measured by reference to the fair value of the equity instruments at the date of the acquisition

Note 16. Trade and other payables

	31 December 2024 US\$	31 December 2023 US\$
<i>Current liabilities</i>		
Trade payables	431,657	150,550
Accruals	560,330	702,105
	<u>991,987</u>	<u>852,655</u>

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

All amounts are short-term. The carrying values are considered to approximate fair value. For risk exposure refer to Note 24.

Note 17. Financial liability

	31 December 2024 US\$	31 December 2023 US\$
Current liabilities		
Financial liability - Mercer	2,938,239	-
Financial liability - Lind	-	1,871,513
Financial liability - Other	-	1,003,811
	<u>2,938,239</u>	<u>2,875,324</u>
	31 December 2024 US\$	31 December 2023 US\$
Opening balance	1,871,513	2,612,463
Less repayment of Lind liability	(1,871,513)	
Financial liability at inception	2,833,627	
Less: transaction costs	(564,150)	
Finance cost (accretion of debt)	1,040,019	(740,950)
Partial settlement of financial liability	(228,755)	
Foreign exchange impact	(142,502)	
	<u>2,938,239</u>	<u>1,871,513</u>

(i) Financial Liability - Mercer

On 5 February 2024, the Company and Mercer Street Global Opportunity Fund, LLC (Mercer) entered into a convertible securities agreement (Convertible Securities Agreement). Under the Convertible Securities Agreement the Company will issue to Mercer (or its nominees) up to 13,200,000 convertible notes with a face value of A\$1 (Convertible Notes) in consideration for investment of up to A\$12,000,000. Upon issuance of convertible notes, the Company will issue to Mercer Initial Commencement Shares, options at \$0.35 per share with a 36-month maturity pro-rata with each investment amount.

The key terms of the Convertible Securities Agreement are detailed below:

- The maturity date of Convertible notes is 18 months from date of issuance.
- Mercer may (at its absolute discretion) convert the Convertible Notes at any time prior to the date which is 18 months from their date of issue, by giving the Company a conversion notice.
- Conversion price: if the conversion notice is given on or before the date that is three months after the first closing, conversion price will be 120% of the VWAP during the preceding ten (10) trading days. if the conversion notice is given after the date that is three months following the first closing, conversion price will be the lesser of 90% of the two lowest daily VWAPs during the preceding twenty (20) trading days on which shares were traded in the ordinary course of business or a minimum conversion price of A\$0.09.
- The Company may elect in writing to repurchase all of the Convertible Notes on issue at a 1.03 times premium, subject to compliance with the law and ASX Listing Rule

The funding facility provided by Mercer is a hybrid instrument which includes a combination of 'debt' financial liability that represents the contractual cashflows and a derivative financial liability that represents the conversion feature. The conversion feature is an embedded derivative liability which is required to be recognised at fair value through profit or loss.

Note 17. Financial liability (continued)

Investment by Mercer:

On 5 February 2024, the Company issued Mercer 2,200,000 Convertible Notes, 2,857,143 Options and 475,889 Initial Commencement Shares, in consideration for A\$2 million investment;

On 19 March 2024, the Company issued Mercer 3,300,000 Convertible Notes, 4,285,714 Options and 475,889 Initial Commencement Shares, in consideration for A\$2 million investment;;

On 27 November 2024, the Company and Mercer executed a deed of variation in respect to the Convertible Securities Agreement, for which the Company obtained shareholders' approval on 9 January 2025. According to the variation deed Mercer invested additional A\$2 million in consideration for convertible notes, options at \$0.175 per share with a 36-month maturity and commencement shares for nil consideration as follow:

- On 27 November 2024, the Company issued Mercer 1,650,000 Convertible Notes, 4,285,714 Options and 666,244 Initial Commencement Shares in consideration for A\$1.5 million investment;
- On 5 February 2025, the Company issued Mercer 550,000 Convertible Notes and 1,428,571 Options in consideration for A\$0.5 million investment (See Note 29).

In addition, the deed of variation amends the minimum conversion price of the convertible notes issued under the Agreement to \$0.04 (See Note 29).

Under the Convertible Securities Agreement further Convertible Notes to raise up to maximum of AU\$5 million (Subsequent Investment Amount), are available subject to satisfaction of customary conditions.

Convertible notes conversions:

On 21 May 2024, the Company converted AU\$200,000 into 1,792,115 ordinary shares at a price of A\$0.116 per share, as per the Convertible Securities Agreement.

On 13 December 2024, the Company converted AU\$150,000 into 2,202,643 ordinary shares at a price of \$0.068 per share, as per the Convertible Security Agreement.

Following 31, December 2024, the Company converted AU\$431,693 into 5,796,259 ordinary shares at a price of \$0.074 per share, as per the Convertible Security Agreement (see note 29).

Note 17. Financial liability (continued)

ii) Financial Liability – Lind

On 15 September 2022, Dotz Nano Limited ("Company") entered into an agreement with Lind Global Fund II, LP, a fund managed by The Lind Partners ("Lind"), for an investment of A\$5,150,000 (US\$3,386,115) in return for options and a credit amount of AU\$5.65 million (US\$3.71 million) ("Funding Agreement"). The Funding Facility provided by Lind a hybrid instrument which includes a combination of 'debt' financial liability that represents the contractual cashflows and a derivative financial liability that represents the conversion feature. The conversion feature is an embedded derivative liability which is required to be recognised at fair value through profit or loss.

On 9 January 2024 the Company has issued 3,333,334 fully paid ordinary shares in the capital of the Company as a deemed issue price of AU\$ 0.12 in connection to the Funding Agreement.

On 19 January 2024 the Company repaid to Lind the whole of the Unused Advance Payment Credit of AU\$2,350,000 (US\$1,546,356).

(iii) Financial Liability – Other

On 28 December 2023, the Company entered into short term loan agreements with various parties totalling to AU\$1,475,000 (US\$959,330), out of which AU\$75,000 (US\$48,779) is with a related party (director Kerry Harpaz). The loan term is for one month or such longer time as determined by the Lender. The interest rate applicable is 5% of the principal loan amount for each month the loan remains outstanding.

In January 2024, the Company entered into short term loan agreements with various parties totalling to AU\$875,000 (US\$569,094), out of which AU\$75,000 (US\$48,779) is with a related party (director Kerry Harpaz) and AU\$100,000 (US\$65,039) is with a related party (director Mitch Board). The loan term is for one month or such longer time as determined by the Lender. The interest rate applicable is 5% of the principal loan amount for each month the loan remains outstanding.

In February and March 2024? AU\$2,350,000 (US\$1,546,356) loans and accrued interest were fully repaid out of which AU\$250,000 (US\$162,598) were paid to directors Kerry Harpaz and Mitch Board.

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The component of the financial liability that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

Note 17. Financial liability (continued)

The funding arrangement is a hybrid financial instrument which includes a combination of debt financial liability, a derivative financial liability that represents the conversion feature to convert the debt instrument into a variable number of equity instruments and a derivative equity component representing the options issued.

On initial recognition, the embedded derivatives are recognised at fair value and the debt host liability is initially recognised based on the residual value from deducting the fair value of the embedded derivatives from the amount of consideration received from issuing the instruments.

The debt component is subsequently recognised as a financial liability at amortised cost, net of transaction costs. The difference between the fair value of the debt component on initial recognition and the redemption amount, is recognised in profit or loss over the period of the instrument using the effective interest method.

The derivative liability is subsequently measured at fair value through profit or loss, with all gains or losses in relation to the movement of fair value being recognised in the profit or loss.

Transaction costs are apportioned to the debt liability, the embedded derivative and equity component in proportion to the allocation proceeds. The transaction costs attributed to the conversion feature are expensed immediately and the transaction costs attributed to the debt and equity components are offset against these components.

Financial liabilities are removed when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognised in profit or loss as other income or finance costs.

Note 18. Derivative financial instrument

	31 December 2024 US\$	31 December 2023 US\$
<i>Current liabilities</i>		
Embedded derivative - financial liability at fair value through P&L	900,653	-
	31 December 2024 US\$	31 December 2023 US\$
Opening balance	-	690,940
Embedded derivative liability at inception	1,395,867	-
Partial settlement of embedded derivative	(194,206)	(690,940)
Fair value movement on embedded derivative	(301,008)	-
Closing balance	900,653	-

Refer to note 17 for further information.

Note 19. Liability for unissued shares

	31 December 2024 US\$	31 December 2023 US\$
<i>Current liabilities</i>		
Liability for unissued shares	37,221	-

Note 20. Issued capital

(a) Share Capital

	31 December 2024 Shares	31 December 2023 Shares	31 December 2024 US\$	31 December 2023 US\$
Ordinary shares - fully paid	547,340,977	513,884,881	43,702,146	40,701,153

(b) Reconciliation of Share Capital

	No	US\$
Opening balance at 1 January 2023	458,878,964	33,718,491
Shares issued on exercise of options	1,000,000	92,712
Shares issued under the placement	19,807,500	2,597,763
Shares issued in leu of payment	250,000	30,435
Shares issued to Lind Partners	18,248,417	2,403,367
Shares issued to H2 Blue Tech Limited	15,700,000	1,931,761
Less: capital raising costs	-	(73,376)
Closing balance at 31 December 2023	513,884,881	40,701,153

(b) Reconciliation of Share Capital

Opening balance at 1 January 2024	513,884,881	40,701,153
Consideration from Lind Partners for initial shares	-	435,710
Shares issued under the placement	19,660,000	1,320,227
Shares issued under share option plan	1,049,982	64,845
Shares issued on convertible loans	8,946,114	788,993
Shares issued to H2 Blue Tech Limited	3,800,000	421,364
Less: capital raising costs	-	(30,146)
Closing balance at 31 December 2024	547,340,977	43,702,146

(c) Capital Management

Due to the nature of the Group's activities, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet research and development programs and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

(d) Performance Shares

The were no performance shares on issue as at 31 December 2024 (31 December 2023: Nil).

Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 21. Reserves

(a) Reserves

	31 December 2024 US\$	31 December 2023 US\$
Foreign currency reserve	(28,167)	46,653
Options reserve	9,672,786	8,885,736
Performance rights	15,289	-
	<u>9,659,908</u>	<u>8,932,389</u>

(b) Options reserve

	No.	US\$
Opening balance at 1 January 2023	28,131,144	6,723,986
Options issued	25,068,750	515,249
Options issued on H2B acquisition	33,000,000	1,441,608
Options exercised	(1,000,000)	-
Options cancelled	(15,820,000)	-
Vesting of exercise related to options	-	204,893
Closing balance at 31 December 2023	69,379,894	8,885,736
Opening balance at 1 January 2024	69,379,894	8,885,736
Options issued to Mercer	11,428,571	309,410
Options issued attaching to the Placement	19,660,000	-
Options issued to Directors	9,000,000	55,380
Options issued to CEO	1,467,750	16,035
Options issued to executives and employees	2,205,625	41,477
Vesting of exercise related to options	-	364,748
Closing balance at 31 December 2024	113,141,840	9,672,786

(c) Performance rights reserve

Performance rights issued to CEO	2,000,000	15,289
Closing balance at 31 December 2024	2,000,000	15,289

(d) Foreign currency translation reserve

	US\$	US\$
Opening balance	46,653	(22,659)
Difference arising on translation	(74,820)	69,312
Balance at the end of the year	(28,167)	46,653

Accounting policy for reserves

Foreign currency reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 22. Share-based payments

The following new share-based payment arrangements existed at 31 December 2024:

Options

Set out below are summaries of options granted during the year:

	Number of options 31 December 2024	Weighted average exercise price 31 December 2024	Number of options 31 December 2023	Weighted average exercise price 31 December 2023
Outstanding at the beginning of the financial year	16,107,500	US\$0.35	6,812,500	US\$0.36
Granted	12,673,375	US\$0.18	12,165,000	US\$0.42
Forfeited	(837,500)	US\$0.12	(1,620,000)	US\$0.41
Expired	-	US\$0.00	(1,250,000)	US\$0.20
Outstanding at the end of the financial year	<u>27,943,375</u>	US\$0.00	<u>16,107,500</u>	US\$0.35

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.34 years (2023: 3.99 years).

The weighted average fair value of options granted during the year was A\$0.058 (2023: A\$0.12)

For the year ending 31 December 2024 a share-based payment expense of (\$488,602) (31 December 2023: US\$711,052) was recognised in profit and loss in line with option vesting periods.

The terms of options granted during the year ended 31 December 2024 are summarised below:

Share based compensation comprises of the following:	31 December 2024 US\$	31 December 2023 US\$
SBP expense for options under employee share option plan	340,552	599,187
SBP expense for shares under employee share option plan	64,845	120,956
SBP expense for rights under employee share option plan	15,289	-
SBP expense for external advisors/ vesting of prior year options	67,917	120,956
SBP issued for asset acquisition (shares) – refer to Note 15	421,365	1,931,760
SBP issued for asset acquisition (options)	-	159,598
SBP non issued for asset acquisition (shares & options)	-	1,282,010
Total	<u>909,967</u>	<u>4,214,467</u>

Vesting:

9,000,000 director options vest as follows: half the options will vest on 19 July 2025 and the remainder will vest on 19 July 2026.

1,467,750 CEO options and 2,205,625 executive options will vest as follows: one third will vest on 19 July 2025, another third will vest on 19 July 2026 and the remainder will vest on 19 July 2027.

The options were valued using the Black and Scholes valuation methodology. The terms of options granted during the year ended 31 December 2024 are summarised below:

Note 22. Share-based payments (continued)

Grant date	Expiry Date	Spot price	Exercise price	Expected volatility	Number of options	Risk-free rate	Fair value at grant date (AU\$)	Fair value at grant date (US\$)	Maximum value yet to vest (US\$)
26/09/2024	02/05/2029	AU\$0.089	AU\$0.190	75%	9,000,000	3.57%	AU\$360,716	US\$247,884	US\$180,501
26/09/2024	02/05/2029	AU\$0.089	AU\$0.150	75%	1,467,750	3.57%	AU\$130,630	US\$89,769	US\$69,388
01/08/2024	02/05/2029	AU\$0.110	AU\$0.150	75%	2,205,625	3.57%	AU\$242,619	US\$166,728	US\$117,177

Performance Rights

Effective as of 25 January 2024, the Company granted 2,000,000 Performance Rights to the CEO of the Company, which were subject to obtaining shareholders' approval, received in May 2024. The Performance Rights vest subject to achievement of operational milestones as set by the Board and a summarised below within 12 months of the commencement of the plan, and the performance rights would be subject to a 2 year escrow period:

- Milestone 1 - Capital Management - 750,000 performance rights will vest upon securing AU\$10m or more.
- Milestone 2 - Strategic Investment - 250,000 performance rights will vest upon securing AU\$1m from strategic investor.
- Milestone 3 - Carbon Capture Technology Development - 300,000 performance rights will vest on achieving successful development, testing and operation of carbon capture technology up to Technology Readiness Level 4 (TRL4).
- Milestone 4- Market Capitalisation - 700,000 performance rights will vest on upon achieving a sustained increase in enterprise value with market capitalisation of 120m and maintaining this value as an average over a period of 90 days.

The fair value of the Performance Rights was measured based on Management's estimation as to the probability of meeting each of the milestones for Milestones 1 to 3.

The fair value of Milestone 4 performance rights were valued using Hoadley Option Valuation Model using the following inputs:

Spot price	Exercise price	Price target	Implied barrier	Days to vesting	Days to expiry	Volatility	Dividend yield
AU\$0.160	Nil	AU\$0.229	AU\$0.386	239	5,583	72%	Nil

Ordinary Shares

During the reporting period, the Company granted 1,049,982 ordinary shares as short term incentives to the CEO, CFO and Company Secretary. The value of these shares was determined based on market price at issue date and totalled to AU\$96,598/US\$64,845.

Accounting policy for share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. The fair value of performance right options is determined using the satisfaction of certain performance criteria (Performance Milestones). The number of share option and performance rights expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. The fair value is determined using either a Black Scholes, Binominal or Monte Carlo simulation model depending on the type of share-based payment.

Note 23. Operating segments

Identification of reportable segments

The Group has identified its operating segment based on the internal reports that are reviewed and used by the Board of Directors 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 24. Financial instruments

Financial risk management policies

The Group's financial instruments consist mainly of deposits with banks, other debtors and accounts payable and financial liabilities. The main purpose of non-derivative financial instruments is to raise finance for Group's operations.

Specific Financial Risk Exposures and Management

The main risk the Group is exposed to through its financial instruments are market risk (including fair value and interest rate risk) and cash flow interest rate risk, credit risk and liquidity risk.

(a) Interest rate risk

The Group's exposure to material interest rate risk is on movements in financial liability, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates as shown below:

	Floating Interest Rate US\$	Fixed Interest Rate (6%) US\$	Non- interest bearing US\$	31 December 2024 Total US\$	Floating Interest Rate US\$	Fixed Interest Rate (6%) US\$	Non- interest bearing US\$	31 December 2023 Total US\$
Financial Liabilities								
- Within one year								
Financial liability	-	-	(3,838,892)	(3,382,737)	-	(1,003,811)	(1,871,513)	(2,875,324)

Weighted average interest rate 31 December 2024 Nil% and 31 December 2023 16.07%

Sensitivity Analysis

The following table illustrates that the Group does not have material exposures to the changes in interest rates. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Movement in Profit US\$	Movement in Equity US\$
Year ended 31 December 2024		
+/-1% in interest rates	10,541	10,541
Year ended 31 December 2023		
+/-1% in interest rates	21,972	21,972

(b) Credit risk

The maximum exposure to credit risk is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

Note 24. Financial instruments (continued)

	31 December 2024 US\$	31 December 2023 US\$
Cash and cash equivalents - AA Rated	623,492	1,194,269
Cash and cash equivalents - BBB Rated	176,361	151,260
	<u>799,853</u>	<u>1,345,529</u>

(c) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The Group has access to credit standby facility with Mercer (refer to note 17). The financial liabilities of the Group are confined to trade and other payables as disclosed in the Statement of Financial Position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Less than 6 months US\$	6-12 months US\$	1-2 years US\$	2-5 years US\$	Over 5 years US\$	Total contractual cash flows US\$	Carrying amount (liabilities) US\$
31 December 2024							
Financial liabilities at amortised cost	-	-	(2,938,239)	-	-	-	(2,938,239)
Trade and other payables	(991,985)	-	-	-	-	-	(991,985)
Lease liabilities							
- Office lease	(126,949)	(126,949)	-	-	-	-	(239,828)
Total non-derivatives	<u>(1,118,934)</u>	<u>(126,949)</u>	<u>(2,938,239)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,184,122)</u>

	Less than 6 months US\$	6-12 months US\$	1-2 years US\$	2-5 years US\$	Over 5 years US\$	Total contractual cash flows US\$	Carrying amount (liabilities) US\$
31 December 2023							
Financial liabilities at amortised cost	(1,871,513)	-	-	-	-	-	(1,871,513)
Trade and other payables	(752,655)	-	-	-	-	-	(752,655)
Lease liabilities							
- Office lease	(130,687)	(131,238)	(245,658)	-	-	-	(507,583)
Other loans	(1,003,811)	-	-	-	-	-	(1,003,811)
Total non-derivatives	<u>(3,758,666)</u>	<u>(131,238)</u>	<u>(245,658)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,135,562)</u>

Note 24. Financial instruments (continued)

(d) Currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

	2024		2023	
	Foreign Currency	USD Equivalent	Foreign Currency	USD Equivalent
Cash and cash equivalents				
Australian Dollar	1,225,230	760,194	34,475	9,505
New Israeli Shekels	144,636	39,659	34,475	9,505
Euro	-	-	1,611	1,782

Note 25. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
2024				
<i>Liabilities</i>				
Financial liability	-	2,938,239	-	2,938,239
Derivative financial instrument	-	-	900,653	900,653
Total liabilities	-	2,938,239	900,653	3,838,892
31 December 2023				
<i>Liabilities</i>				
Financial liability	-	2,875,324	-	2,875,324
Total liabilities	-	2,875,324	-	2,875,324

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Unquoted investments have been valued using a discounted cash flow model.

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Note 25. Fair value measurement (continued)

Accounting policy for fair value measurement

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 26. Contingent liabilities

The Company has a contingent liability related to the grant received from BIRD. As stated under Note 2 the company currently does not expect to generate revenues from the development made under this grant. As the liability is contingent on royalty payments on developed products, should this assumption change the Company will be required to pay royalties to BIRD.

Note 27. Parent entity information

	31 December 2024 US\$	31 December 2023 US\$
Assets		
Current assets	650,564	1,278,555
Total assets	650,564	1,278,555
Liabilities		
Current liabilities	334,215	2,957,957
Non-current liabilities	3,838,892	-
Total liabilities	4,173,107	2,957,957
Shareholders' equity		
Issued capital	358,983,230	355,982,351
Reserves	9,512,188	8,784,667
Accumulated losses	(372,017,960)	(366,446,420)
Shareholders equity	(3,522,542)	(1,679,402)
(b) Statement of profit or loss and other comprehensive income		
Loss for the year	(5,571,540)	(10,417,832)
Total comprehensive loss	(5,571,540)	(10,417,832)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2024 and 31 December 2023.

Contingent liabilities

The parent entity did not have contingent liabilities at 31 December 2024 (31 December 2023: Nil)

Capital commitments

The parent entity had no capital commitments as at 31 December 2024 and 31 December 2023.

Material accounting policy information

Note 27. Parent entity information (continued)

The accounting policies of the parent entity are consistent with those of the consolidated entity.

Note 28. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2024 %	31 December 2023 %
Dotz Nano Ltd	Israel	100.00%	100.00%

Note 29. Events after the reporting period

Asset Purchase Agreement

On January 15, 2025, the Company and H2B signed a third amendment to the Asset Purchase Agreement and general release. Under this third amendment and following the achievement of certain milestones, the Company issued H2B 11.5 million shares, of which 2.5 million shares are subject to voluntary escrow until 15 January 2026 and 2.5 million unlisted options, become fully vested and exercisable on 15 January 2026 at price per ordinary share of A\$0.165, and expired 24 months thereafter.

In addition, each of the parties has discharged and extinguished all obligations and liabilities toward the other in connection with the Asset Purchase Agreement. No further securities are required to be issued under the Asset Purchase Agreement and no further payments are required to be made.

Mercer Funding Agreement

On 22 January 2025, following obtaining shareholder approval, the Company issued 550,000 convertible notes and 1,428,571 options for A\$500,000 invested by Mercer. In addition, the Deed of Variation amends the minimum conversion price of the convertible notes issued under the Agreement to \$0.04.

Grant of Securities

On 4 February 2025, the Board of Directors approved the grant of 770,000 options to employees and 1,117,300 RSUs to executives. The options are vested over a period of 3 years and exercisable at A\$0.10, subject to continued employment and expire five years from issue date. The RSUs are vested over a period of 3 months, subject to continued employment and expire five years from issue date. In addition, the Board approved the issue of 750,000 shares to the CEO under its incentive plan and subject to shareholder approval.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Bernie Brookes AM
Chairman

28 February 2025

INDEPENDENT AUDITOR'S REPORT

To the members of Dotz Nano Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Dotz Nano Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2024, 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 year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 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 opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for Financial Liability

Key audit matter	How the matter was addressed in our audit
During the financial year, Dotz Nano Limited ("Company") executed a funding facility with Mercer Street Global Opportunity Fund , LLC, refer Note 17 for further details. The facility is a hybrid instrument which includes a combination of a debt financial liability that represents the contractual cashflows and a derivative financial liability that represents the conversion feature. The conversion feature is an embedded derivative liability which is required to be recognised at fair value through profit or loss. We have identified the accounting and valuation of the convertible note as a key audit matter due to the complexity and judgements involved in determining the conversion features which can have a significant effect on the classification of the components of this instrument together with complexities as to the initial and subsequent measurement of the identified components.	Our audit procedures regarding this matter included, but were not limited to: • Reviewing the convertible note agreement, subscription notices and other correspondence to understand the key terms and conditions of the arrangement and related transactions; • Assessing whether management's determination of the classification of the components contained within the convertible note agreement was in accordance with the accounting standards; • Reviewing management's independent expert's valuation of the instrument, including assessing the valuation methodology used. This included consulting with our internal valuation specialist on the appropriateness of the valuation and valuation methodology applied; • Assessing the qualifications, competence and objectivity of management's expert; • Reviewing management's accounting treatment for the initial recognition and subsequent measurement of the components of the convertible instrument; • Agreeing partial settlements throughout the year to shares issued and share prices as reported on the ASX; and • Assessing the adequacy of the related disclosures within Note 17 of the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 23 of the directors' report for the year ended 31 December 2024.

In our opinion, the Remuneration Report of Dotz Nano Limited, for the year ended 31 December 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

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

Ashleigh Woodley

Director

Perth, 28 February 2025

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Dotz Nano Ltd	Limited Liability	Israel	100.00%	Israel

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The shareholder information set out below was applicable as at 27 February 2025.

As at 27 February 2025 there were 738 holders of Ordinary Fully Paid Shares.

CORPORATE GOVERNANCE

The Company's Corporate Governance Statement has been released as a separate document and is also located on our website at <https://www.dotz.tech/investors/>.

VOTING RIGHTS

The voting rights of the ordinary shares are as follows:

- (a) at meetings of members each member entitled to vote may vote in person or by proxy or attorney; and
- (b) on a poll each person present in person or by proxy or by attorney has one vote for each ordinary share held.

There are no voting rights attached to any of the options that the Company currently has on issue. Upon exercise of these options, the shares issued will have the same voting rights as existing ordinary shares.

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of each class of listed securities are listed below:

Ordinary Fully Paid Shares

Holder Name	Holding	% IC
CITICORP NOMINEES PTY LIMITED	159,381,474	28.14%
BNP PARIBAS NOMS PTY LTD	126,524,572	22.34%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	97,784,277	17.27%
MARZAMENO LTD	21,689,882	3.83%
DR ZVI GRAUBARD	13,789,735	2.43%
H2 BLUE TECH LTD	10,900,000	1.92%
AVOCADO VENTURES INC	10,270,548	1.81%
SOUTHERN ISRAEL BRIDGING FUND TWO LP	9,650,464	1.70%
IBI TRUST MANAGEMENT <ARIEL MALIK A/C>	7,846,611	1.39%
SOUTHERN ISRAEL BRIDGING FUND LP	7,114,816	1.26%
BNP PARIBAS NOMINEES PTY LTD <UOBKH R'MIERS>	6,280,788	1.11%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	5,671,791	1.00%
MR YOAD REITER	5,014,567	0.89%
HAC COMMODITIES PTE LTD	5,000,000	0.88%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	4,153,454	0.73%
MR NATANEL HARPAZ	3,712,708	0.66%
MR GAREN AZOYAN SUTISY & MRS ARMINEH MOSES MINASKANIANS <GAAM SUPER FUND A/C>	3,163,158	0.56%
IBI TRUST MANAGEMENT <INVESTJTECH LLC A/C>	2,993,461	0.53%
BT PORTFOLIO SERVICES LIMITED <HORSELAND SADDLERY S/F A/C>	2,500,000	0.44%
ROMFAL SIFAT PTY LTD <THE FIZMAIL FAMILY A/C>	2,400,000	0.42%
Total	505,842,306	89.32%
Total issued capital – Ordinary Fully Paid Shares	566,327,236	100.00%

SUBSTANTIAL HOLDERS

Per the Company's register, the names of the substantial shareholders as at 27 February 2025 are:

Name	No of Shares held	% of Issued Capital
CITICORP NOMINEES PTY LIMITED	159,381,474	28.14%
BNP PARIBAS NOMS PTY LTD	126,524,572	22.34%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	97,784,277	17.27%

DISTRIBUTION OF EQUITY SECURITIES

The number of shareholders, performance rights holders, option holders and convertible note holders by size of holding are:

Holding	Number of Shareholders	Number of Shares	Issued Share Capital (%)
1-1,000	135	9,533	0.00%
1,001 - 5,000	172	499,542	0.09%
5,001 - 10,000	124	997,928	0.18%
10,001 - 100,000	214	7,500,249	1.32%
100,001 and over	93	557,319,984	98.41%
Total	738	566,327,236	100.00%

Holding	Performance Right Holders	Number of Rights	Issued Capital (%)
1-1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 and over	1	2,000,000	100.00%
Total	1	2,000,000	100.00%

Holding	Option Holders	Number of Options	Issued Capital (%)
1-1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	23	1,257,500	1.07%
100,001 and over	44	116,415,411	98.93%
Total	67	117,672,911	100.00%

Holding	Convertible Note Holders	Number of Notes	Issued Capital (%)
1-1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 and over	2	6,918,307	100.00%
Total	2	6,918,307	100.00%

RESTRICTED SECURITIES

There were 10,900,000 fully paid ordinary shares subject to voluntary escrow, of which 8,400,000 are escrowed until 15 August 2025 and 2,500,000 are escrowed until 15 January 2026.

UNMARKETABLE PARCELS

Based on a share price per security of \$0.0830, there were 331 Shareholders holding less than a marketable parcel totaling 643,195 fully paid ordinary shares, amounting to 0.11% of issued capital.

SHARE BUYBACK

There is no current on-market share buy-back.