

Appendix 4E Preliminary Final Report

Appendix 4E

Preliminary final report

1. Details of reporting period

Name of entity	DOTZ NANO LIMITED
ABN	71 125 264 575
Reporting Year	Year ended 31 DECEMBER 2019
Previous Corresponding Year	Year ended 31 DECEMBER 2018

2. Results for announcement to the market

Key information	12 months ended 31 December 2019 US \$	12 months ended 31 December 2018 US \$	Increase/ (decrease) %	Amount change \$
Revenues from ordinary activities	33,731	15,395	119%	18,336
Profit/(Loss) from ordinary activities after tax attributable to members	(3,746,564)	(5,736,672)	(35%)	1,990,108
Net Profit/ (Loss) for the period attributable to members	(3,746,564)	(5,736,672)	(35%)	1,990,108
Net tangible asset/(deficiency) \$ per share	0.004	0.003	43%	0.001

3. Consolidated statement of profit or loss and other comprehensive income

Refer to attached preliminary final report.

4. Consolidated statement of financial position

Refer to attached preliminary final report.

5. Consolidated statement of cash flows

Refer to attached preliminary final report.

6. Consolidated statement of changes in equity

Refer to attached preliminary final report.

7. Dividends/Distributions

No dividends declared in current or prior year.

8. Details of dividend reinvestment plans

N/A

9. Details of entities over which control has been gained or lost during the period

Dotz Blue Ltd (subsidiary), was de-registered on July 2019, Graphene Materials Ltd (second tier subsidiary) was de-registered in December 2019 and Dotz Nano Singapore PTE Ltd (subsidiary) de-registration is in process.

10. Details of associate and joint venture entities

N/A

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11. Any other significant information needed by an investor to make an informed assessment of the Company's financial performance and financial position

Refer to 13. Commentary for results for period and Explanatory information and additional Notes following the preliminary report.

12. Foreign entities

Dotz Nano Limited			
Controlled entity	Country of incorporation	Percentage Owned	
		2019	2018
Dotz Nano Ltd	Israel	100%	100%
Dotz Blue Ltd*	Israel	-	100%
Graphene Materials Ltd**	Israel	-	100%
Dotz Nano Singapore PTE Ltd***	Singapore	100%	100%

* De-registered July 2019

** De-registered December 2019

** De-registration submitted, approval expected in 2020

13. Commentary on results for period and explanatory information

Financial Review

Dotz Nano Limited had a loss for the year of US\$3,746,564 (2018: US\$5,736,672 loss).

The net assets of the Group have increased from US\$731,482 at 31 December 2018 to US\$1,299,664 at 31 December 2019.

As at 31 December 2019 the Group's cash and cash equivalents increased from a balance at 31 December 2018 of US\$508,572 to a balance of US\$1,371,275 and had working capital of US\$1,106,595 (2018: US\$431,751).

14. Audit

This report is based on financial statements which are in the process of being audited.

The audited accounts are likely to contain a material uncertainty related to going concern, refer to Note 1


Non-Executive Chairman
Bernard Brookes OAM

28 February 2020

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**PRELIMINARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 US\$	2018 US\$
Revenue		33,731	15,395
Other income		770	1,408
Cost of Sales		(21,041)	(5,388)
Administrative expenses		(184,262)	(187,958)
Consulting fees		(29,869)	(73,902)
Depreciation		(213,547)	(74,024)
Directors fees		(186,747)	(237,605)
Executive remuneration		(237,470)	(609,250)
Administrative remuneration		(101,901)	(239,751)
Finance expenses		(17,801)	(33,392)
Insurance		(90,650)	(72,462)
Interest expense		(3,825)	(5,129)
Impairment expense		(190,000)	-
Legal and professional fees		(87,803)	(142,570)
Finance and accounting expenses		(227,179)	(305,298)
Motor vehicle expense		(75,255)	(173,778)
Occupancy costs		(10,787)	(90,203)
Marketing and Investor relations		(527,920)	(593,225)
Research and development		(707,647)	(1,025,675)
Share based compensation		(731,308)	(1,451,763)
SRA and patent expense		(22,962)	(107,309)
Travel and accommodation		(113,091)	(324,793)
Profit/(Loss) before income tax		<u>(3,746,564)</u>	<u>(5,736,672)</u>
Income tax expense		-	-
Profit/(Loss) for the year		<u>(3,746,564)</u>	<u>(5,736,672)</u>
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		(26,880)	(117,014)
Other comprehensive loss for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		<u>(3,773,444)</u>	<u>(5,853,686)</u>
Basic earnings/(loss) per share (cents per share)		(1.72)	(3.59)
Diluted earnings/(loss) per share (cents per share)		(1.72)	(3.59)

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PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019 US\$	2018 US\$
CURRENT ASSETS			
Cash and cash equivalents		1,371,275	508,572
Trade and other receivables		144,592	230,722
Other assets		34,141	117,626
Inventory		4,312	-
TOTAL CURRENT ASSETS		1,554,320	856,920
NON-CURRENT ASSETS			
Trade and other receivables		27,914	44,575
Property, plant and equipment		283,239	322,592
Intangible assets		-	175,000
Right-of-use assets		174,663	-
TOTAL NON-CURRENT ASSETS		485,816	542,167
TOTAL ASSETS		2,040,136	1,399,087
CURRENT LIABILITIES			
Trade and other payables		270,432	410,718
Provisions		28,967	14,451
Lease liabilities		148,325	-
TOTAL CURRENT LIABILITIES		447,724	425,169
NON-CURRENT LIABILITIES			
Borrowings		257,481	242,436
Lease liabilities		35,266	-
TOTAL CURRENT LIABILITIES		292,747	242,436
TOTAL LIABILITIES		740,471	667,605
NET ASSETS		1,299,665	731,482
SHAREHOLDERS' EQUITY			
Issued capital	2	22,627,901	18,762,675
Reserves	3	2,057,885	1,608,364
Accumulated losses		(23,386,121)	(19,639,557)
SHAREHOLDERS' EQUITY		1,299,665	731,482

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**PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Issued Capital	Option Reserve	Foreign Currency Reserve	Accumulated Losses	Total
	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2018	15,900,912	856,065	99,283	(13,902,885)	2,953,375
Loss for the year	-	-	-	(5,736,672)	(5,736,672)
Other comprehensive loss	-	-	(117,014)	-	(117,014)
Total comprehensive loss for the year	-	-	(117,014)	(5,736,672)	(5,853,686)
Transactions with owners, recognised directly in equity					
Issue of shares	2,861,763	-	-	-	2,861,763
Issue of options	-	770,030	-	-	770,030
Balance at 31 December 2018	18,762,675	1,626,095	(17,731)	(19,639,557)	731,482
Balance at 1 January 2019	18,762,675	1,626,095	(17,731)	(19,639,557)	731,482
Loss for the year	-	-	-	(3,746,564)	(3,746,564)
Other comprehensive loss	-	-	(26,880)	-	(26,880)
Total comprehensive loss for the year	-	-	(26,880)	(3,746,564)	(3,773,444)
Transactions with owners, recognised directly in equity					
Issue of shares	3,597,954	-	-	-	3,597,954
Share based payments	267,272	476,401	-	-	743,673
Balance at 31 December 2019	22,627,901	2,102,496	(44,611)	(23,386,121)	1,299,665

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PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 US\$	2018 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		34,792	2,820
Payments to suppliers and employees		(2,659,687)	(4,449,910)
Interest paid		(42,917)	-
Interest received		428	1,408
Net cash used in operating activities		(2,667,384)	(4,445,682)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(34,739)	(123,399)
Proceeds from investments		25,225	35,295
Payment for intellectual property		(15,000)	-
Net cash used in investing activities		(24,514)	(88,104)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Proceeds for the issue of shares		2,993,204	2,108,357
Proceeds from convertible note		604,750	-
Payment to lenders		-	(31,730)
Grants		43,484	239,198
Lease payments		(100,165)	-
Net cash from financing activities		3,541,273	2,315,825
Net increase/ (decrease) in cash and cash equivalents		849,375	(2,217,961)
Cash and cash equivalents at the beginning of the financial year		508,572	2,835,485
Foreign exchange		13,328	(108,952)
Cash and cash equivalents at the end of the financial year		1,371,275	508,572

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PRELIMINARY CONSOLIDATED NOTES FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1: BASIS OF PREPARATION

The preliminary final report has been prepared in accordance with ASX listing rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report has 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. The financial statements have been prepared on an accruals basis and are based on historical costs.

(a) 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 2019 of US\$3,746,564 (2018: US\$5,736,672) and net cash outflows from operating activities of US\$2,667,384 (2018: US\$4,445,682).

The ability of the Group to continue as a going concern is dependent on securing additional funding through either equity, debt or receipts, or a combination of all, to continue to fund its operational and technology development activities. These conditions indicate a material uncertainty that may cast a doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

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 preliminary 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 Group has historically demonstrated its ability to raise funds to satisfy its immediate cash requirements, including secured AU\$3 million as announced on 26 November 2019 in which AU\$2 million has been secured via placement and an additional AU\$1 million via a Deferred Share Placement with Southern Israel Bridging Fund (SIBF). Other capital raisings during the financial year include, AU\$0.85 million by issue of convertible loans with conversion in February 2019, AU\$1.5 million in May 2019 and AU\$1 million in July 2019 via share placements. As stated above, the Group is also expecting two investments of AUD\$0.5 million each which are scheduled in 2020.
- The Directors of Dotz Nano also have reason to believe that in addition to the cash flow currently available, additional funds from receipts are expected through the commercialisation of the Group's products.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements or raise additional capital through equity or debts raisings and that the interim financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern and meet its debts as and when they become due and payable.

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PRELIMINARY CONSOLIDATED NOTES FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 2: ISSUED CAPITAL

	2019	2018
	US\$	US\$

(a) Share Capital

295,004,274 fully paid ordinary shares (31 December 2018: 180,714,622)	22,627,901	18,762,675
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(b) Reconciliation of Share Capital

	No.	US\$
Opening balance at 1 January 2018	140,818,135	15,900,912
Shares issued under Placement on 5 February 2018	2,777,778	396,050
Shares issued to Lead Manager on 10 May 2018	500,000	71,289
Shares issued under Placement on 10 May 2018	363,108	49,312
Shares issued in lieu of cash payments on 10 May 2018	5,385,000	423,956
Shares issued in lieu of cash payment on 29 June 2018	775,000	54,372
Shares issued under Placement on 1 August 2018	27,777,778	1,848,790
Shares issued under Cleansing Prospectus on 15 August 2018	100	7
Shares issued in lieu of cash payments on 2 November 2018	2,317,723	153,354
Less: capital raising fees	-	(135,367)
Closing balance at 31 December 2018	180,714,622	18,762,675

Opening balance at 1 January 2019	180,714,622	18,762,675
Shares issued on conversion of Convertible Loan on 15 February 2019	9,791,632	554,833
Shares issued to the CEO on 15 February 2019*	1,500,000	86,058
Shares issued on conversion of Convertible Loan on 19 February 2019	875,000	49,917
Shares issued under the Placement on 7 May 2019	19,750,000	830,804
Shares issued under the Placement on 8 May 2019	5,250,000	220,658
Shares issued under the Cleansing Prospectus on 8 May 2019	100	4
Shares issued in lieu of cash payment on 8 May 2019	283,672	13,730
Shares issued under the Placement on 29 July 2019	16,129,045	690,971
Shares issued under Cleansing Prospectus on 29 July 2019	100	4
Shares issued in lieu of cash payment on 12 September 2019	300,000	11,324
Exercised of unquoted options expiring on 1 October 2021	695,000	-
Shares issued to Lead Manager on 12 September 2019	1,000,000	42,551
Shares issued under Placement on 26 November 2019	55,000,003	1,349,931
Shares issued to Consultant on 8 December 2019	2,500,000	70,130
Shares issued to CEO on 31 December 2019**	1,000,000	43,479
Shares issued under Cleansing Prospectus on 31 December 2019	100	3
Shares issued to Employee on vesting options on 31 December 2019	215,000	-
Less: capital raising fees	-	(99,171)
	295,004,274	22,627,901

*Subject to voluntary holding lock until 15 February 2020.

** Subject to voluntary holding lock until shareholders' approval.

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PRELIMINARY CONSOLIDATED NOTES FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 2: ISSUED CAPITAL (Continued)

Performance Shares

In addition to the number of shares disclosed above, there are also 22,000,000 performance shares on issue as at 31 December 2019, (2018: 44,000,000 performance shares, of which 22,000,000 expired on 30 April 2019 as milestone 2 not met). The performance shares will convert to ordinary shares on 1:1 basis subject to the performance milestones being met prior to expiry date. The performance shares are summarized below:

Class	Expiry	Milestone
Milestone 3	31/10/2020	Upon Dotz achieving the production and distribution of an aggregate of 100 kilograms of GQDs through formal off-take agreements with a reputable third party in any 12-month period within 48 months from the date of issue of the Performance Shares.

NOTE 3: RESERVES

a) Reserves

	2019	2018
	US\$	US\$
91,224,527 Option Reserve (31 December 2018: 40,325,000)	2,102,496	1,626,095
Foreign currency translation reserve	(44,611)	(17,731)
	2,057,885	1,608,364

b) Options Reserve

	No.	US\$
Opening balance at 1 January 2018	20,500,000	856,065
Issue of Joint Lead Manager Options on 5 February 2018	6,000,000	289,873
Issue of options on 10 May 2018	3,425,000	197,239
Issue of options to Lead Manager on 1 August 2018	1,500,000	38,025
Issue of options under Employee Share Option Plan on 27 November 2018	8,900,000	244,893
Closing balance at 31 December 2018	40,325,000	1,626,095

Opening balance at 1 January 2019	40,325,000	1,626,095
Issue of free attaching options on conversion of Convertible Loan on 15 February 2019	2,447,909	-
Issue of options to directors on 8 February 2019	3,000,000	103,780
Issue of options to employee on 8 February 2019	1,000,000	31,676
Issue of free attaching options on conversion of Convertible Loan on 19 February 2019	218,750	-
Issue of free attaching options under the Placement on 7 May 2019	9,875,005	-
Issue of free attaching options under the Placement on 8 May 2019	2,625,000	-
Issue of options to Lead Manager on 19 June 2019	5,000,000	122,302
Issue of free attaching options under the Placement on 29 July 2019	8,064,526	-

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PRELIMINARY CONSOLIDATED NOTES FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3: RESERVES

b) Options Reserve

	No.	US\$
Broker options expired on 8 August 2019	(10,000,000)	-
Issue of options under Employees Share Option Plan on 22 August 2019	210,000	849
Employees Share Option Plan cancellation	(1,465,000)	(5,625)
Exercised options under Employees Share Option Plan	(695,000)	-
Issue of options to Lead Manager on 31 October 2019	10,000,000	26,110
Options expired on 31 October 2019	(5,500,000)	-
Issue of options to consultant on 3 December 2019	10,000,000	14,344
Issue of placement options	18,333,337	-
Conversion of options to shares on 31 December 2019	(215,000)	-
Option cancellation on 31 December 2019	(1,000,000)	-
Expired of Tranche 3 options under Employees Share Option Plan on 27 November 2018	(1,000,000)	-
Vested Tranche 1 options under Employees Share Option Plan on 21 January 2019 and 22 August 2019	-	30,823
Vested Tranche 2 options under Employees Share Option Plan on 27 November 2018	-	138,232
Vested Tranche 3 options under Employees Share Option Plan on 27 November 2018	-	13,910
Closing balance at 31 December 2019	91,224,527	2,102,496

	2019	2018
	US\$	US\$
Opening balance	(17,731)	99,283
Difference arising on translation	(26,880)	(117,014)
Balance at the end of the year	(44,611)	(17,731)

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