

# Appendix 4D

## Half Year Report to the Australian Securities Exchange

### Part 1 - Details of reporting period

<b>Name of Entity</b>	DOTZ NANO LIMITED (ASX: DTZ)
<b>ABN</b>	71 125 264 575
<b>Half Year Ended</b>	30 June 2020
<b>Previous Corresponding Reporting Period</b>	30 June 2019

### Part 2 – Results for Announcement to the Market

<b>Key information</b>	<b>30 June 2020 US\$</b>	<b>30 June 2019 US\$</b>	<b>Increase/ (decrease) %</b>	<b>Amount change US\$</b>
Revenue from continuing operations	32,940	6,858	380%	26,082
Profit/(Loss) from ordinary activities after tax attributable to members	(1,255,382)	(1,955,924)	(36%)	700,542
Net Profit/ (Loss) for the period attributable to members	(1,255,382)	(1,955,924)	(36%)	700,542
Net tangible asset \$ per share	0.001	0.002	(59%)	(0.001)

<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Record date for determining entitlements to the dividends (if any)	Not Applicable	

#### **Brief explanation of any of the figures reported above necessary to enable the figures to be understood:**

Refer to the Review of Activities contained in the Directors' Report which forms part of the attached Interim Financial Report for details.

### Part 3 – Contents of ASX Appendix 4D

Section	Contents
Part 1	Details of entity, reporting period
Part 2	Results for announcement to the market
Part 3	Contents of ASX Appendix 4D
Part 4	Commentary on results
Part 5	Details relating to dividends
Part 6	Net tangible assets per security
Part 7	Details of entities over which control has been gained or lost
Part 8	Details of associates and joint venture entities
Part 9	Information on audit or review

### Part 4 – Commentary on Results

Refer to the Review of Activities contained in the Directors' Report which forms part of the attached Interim Financial Report for details.

### Part 5 – Details Relating to Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

### Part 6 – Net Tangible Assets per Security

	2020	2019
	US\$	US\$
Net tangible asset (deficiency) backing per ordinary security	0.001	0.003

**Part 7 – Details of Entities Over Which Control has been Gained or Lost**

Not applicable.

**Part 8 – Details of Associates and Joint Venture Entities**

Name of associate and joint venture entities	Ownership Interest		Contribution to net profit/(loss)	
	2020 %	2019 %	2020 US\$	2019 US\$
<b>Associates</b>	NA	NA	-	-
<b>Joint Venture Entities</b>	NA	NA	-	-

**Part 9 – Audit/Review Status**

**This report is based on accounts to which one of the following applies:**

(Tick one)

The accounts have been audited	<input type="checkbox"/>	The accounts have been subject to review	<input checked="" type="checkbox"/>
The accounts are in the process of being audited or subject to review	<input type="checkbox"/>	The accounts have not yet been audited or reviewed	<input type="checkbox"/>

**If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:**

N/A

**If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:**

Refer to Half Year Financial Report for the half-year ended 30 June 2020.

**Attachments Forming Part of Appendix 4D**

Attachment #	Details
1	Interim Financial Report

**Signed by Company Secretary**



**Ian Pamensky**

**Date 31 August 2020**



# **DOTZ NANO LIMITED**

**ABN 71 125 264 575**

**INTERIM FINANCIAL REPORT  
FOR THE HALF YEAR ENDED 30 JUNE 2020**

## **CORPORATE DIRECTORY**

### **Directors**

Bernie Brookes – Non-Executive Chairman  
Uzi Breier – CEO, Executive Director  
Doron Eldar – Non-Executive Director

### **Company Secretary**

Ian Pamensky

### **Registered Office**

Level 14  
330 Collins Street  
Melbourne VIC 3000

### **Auditor**

BDO Audit (WA) Pty Ltd  
38 Station Street  
PO Box 700  
Subiaco WA 6008

### **Share Registry**

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

### **Securities Exchange Listing**

ASX Limited  
Level 4  
North Tower, Rialto  
525 Collins Street  
Melbourne VIC 3000

### **ASX Code – DTZ**

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## DIRECTORS' REPORT

The Directors of Dotz Nano Limited (the **Company** or **Dotz**) and controlled entities (the **Group** or **Consolidated Entity**) submit the following report for the half year ended 30 June 2020 (**Financial Period**).

## DIRECTORS

The following persons were directors of the Company during the whole of the financial half-year and up to date of this report, unless otherwise stated:

Mr Bernie Brookes (appointed 15 January 2020)

Mr Uzi Breier (21 March 2018)

Mr Doron Eldar (appointed 15 January 2020)

Mr John Bullwinkel (resigned 23 March 2020)

Mr Ashely Krongold (resigned 23 March 2020)

## COMPANY SECRETARY

Mr Ian Pamensky

## PRINCIPAL ACTIVITIES

The principal continuing activities of the Group during the half year is developing, manufacturing and commercialising marking, tracing and verification solutions.

## REVIEW AND RESULTS OF OPERATIONS

The net loss of the Group after income tax for the half year ended 30 June 2020 amounted to (US\$1,255,383) (30 June 2019: (US\$1,955,924) net loss).

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

## REVIEW OF ACTIVITIES

During the half year ended 30 June 2020, the following activities occurred:

- On 15 January 2020, the Company appointed Mr Bernie Brookes as Non-Executive Chairman of the Company. The terms of the Agreement with the Chairman include the following:
  - Commencement date of 15 January 2020; and
  - A fixed annual fee of A\$120,000 (inclusive of superannuation contributions, if applicable). There is no fixed term of the Agreement, however the Board retains the discretion to remove the Chairman by majority resolution of the Board, which can be made at any time in accordance with the Company's Constitution. In the event the Board removes the Chairman, Mr Brookes will remain as a Non-Executive Director of the Company as the removal of a public company director is a matter for shareholders, not the Board.
- On 15 January 2020, the Company appointed Mr Doron Eldar as a Non-Executive Director of the Company.
- On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic. These events are having a significant negative impact on world stock markets, currencies and general business activities.
- On 20 March 2020, Mr John Bullwinkel and Mr Ashely Krongold resigned as Non-Executive Directors of the Company.
- On 26 March 2020, the Company announced that it had secured US\$100,000 (A\$166,000 as of agreement signature date) Purchase Order for its Validotz™ plastic security markers from a Switzerland-based plastic compounder. The compounder will on-sell Dotz's Validotz™ security makers to its customers as anticounterfeiting solution inserted during the plastic compounding process.

## DIRECTORS' REPORT (CONTINUED)

### REVIEW OF ACTIVITIES (CONTINUED)

- On 11 May 2020, the Company announced that it had signed a US\$1,000,000 (A\$1,530,000) Commercial Agreement with Universal Exports Group ("UEG"), a Hong Kong based corporation specialising in wholesale distribution to supply anti-counterfeiting and tracing capabilities to face masks required for Government stock piles and National Health Services ("Agreement").

Under the agreement Dotz will supply its Validotz™ security markers which will be applied to 100 million medical face masks. The Agreement consists of Phase-I which calls for immediate supply of Validotz™ for 30 million masks and the balance Phase-II, pending customer demand.

As part of the agreement, UEG will become the sole and exclusive distributor for Dotz in South Africa and China markets for a period of 2 years, for the following items: face masks, medical gowns, medical gloves and other medical protective gear. As part of the Agreement, Dotz shall grant UEG 3,000,000 Unlisted Options with exercise price of A\$0.048 vesting on a pro-rata quarterly basis over the 2 years terms of the Agreement, with a term of 3 years from the date of the Agreement.

- On 11 May 2020, the Company issued 375,000 of the 3,000,000 Unlisted Options to UEG.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

### SUBSEQUENT EVENTS

Subsequent to the half year end the following events occurred:

- The Company has agreed subsequent to the balance date to issue unquoted options to various employees, consultants and Directors ("Pan Options"). The Plan Options include the issue of 30,285,000 unlisted options with various exercise prices, vesting and expiry dates. The issue to the Directors will be subject to shareholder approval.
- The full impact of the COVID-19 outbreak continues to evolve at the date of this report. Despite the challenging operating environment from the effects of COVID-19, the Company has been able to leverage activity and has recently signed a sizable commercial agreement to mark medical face-masks as genuine.

The Board and Management of DTZ will continue to actively pursue opportunities as they arise however the Company is not able to estimate the full effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2020 financial year. If the pandemic continues, it may have a material adverse effect on the Company's results of future operations, financial position, and liquidity in fiscal year 2020.

- On 21 July 2020, the Company announced that it had filed a Patent application on methods for rapid and real-time detection of viruses and is undertaking further testing of the application of this technology in relation to COVID-19. A letter of intent for a Technology Collaboration Agreement has been signed with a Brazilian genetic and health company FullDNA to provide insight on potential architecture and analysis of trial results. To facilitate clinical testing on confirmed COVID-19 patients, a Letter of Intent has been signed with Sheba Medical Centre in Israel.
- On 21 July 2020, the Company also announced that it had signed a pilot agreement with Zohar-Dalia Cooperative Agriculture Association Ltd for the use of Validotz™ markers in disinfectant materials to verify surface coverage for signs of viruses, including COVID-19. The Company will receive nominal fee for the Pilot. Under the agreement, the Company will mark 1,000 litres of Zohar-Dalia disinfectant material to trace and verify proper surface coverage in local hospitals and other public areas.



**DIRECTORS' REPORT (CONTINUED)**

**SUBSEQUENT EVENTS (CONTINUED)**

- On 4 August 2020, the Company announced that it had signed a A\$528,000 commercial agreement with V2Tech Distributors Pty Ltd (V2Tech), an Australian-based corporation specialising in wholesale distribution, to authenticate medical face masks in Australia ("Agreement"). The initial order will consist of 30 million face masks for the Australian health sector, government, and retailers. V2Tech will pay 5% of the contract value within 30 days of the Agreement and will be the sole distributor for two years in Australia.

As an incentive, Dotz will grant V2Tech 1.5 million Unlisted Options with exercise price of \$A0.23 vesting on a pro-rata quarterly basis over the two-year period if performance targets are met, with an expiry term of three years from the date of the Agreement. The issue of options will be subject to shareholder approval.

- On 28 August 2020, the Company announced that it had signed a USD 1.6M commercial agreement with TT Medical Group (TTM), an Turkish-based corporation combined over 15 years of expertise in medical equipment and materials with the top of the line manufacturing, to supply the most needed protective equipment ("Agreement"). The initial order expected in Q4 2020 will be valued at USD 250K, a second order in the amount of USD 450K is expected Q1 2021 and the remaining contract will be ordered according to customer demand. TTM will be the sole distributor of the "Secured by Dotz" authentication solution for face masks in Turkey, Italy and Ghana PPE markets for a three-year period, provided agreed annual sales targets are met.

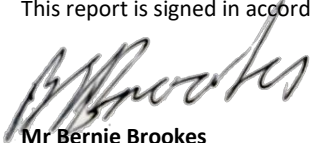
In addition, Dotz has also signed a three-year distribution agreement with a related party, TT Medical UAE ("TTMU"), whereby TTMU will become the sole distributor of the "Secured by Dotz" authentication solution for face masks in the UAE, Egypt, Qatar and Saudi Arabia PPE markets, provided agreed annual sales targets are met. As an incentive, Dotz will grant TTMU 4 million Unlisted Options with exercise price at a 40% premium to the closing Dotz share price on 25 August 2020 vesting on a pro-rata quarterly basis over the three year period if performance targets are met, with an expiry term of three and a quarter years from the date of the Agreement. The issue of options will be subject to shareholder approval.

There have been no other material matters or circumstances that have arisen since 30 June 2020.

**AUDITOR'S INDEPENDENCE DECLARATION**

The Auditor's Independence Declaration to the Directors of the Consolidated Entity on page 17 forms part of the Directors' Report for the half year ended 30 June 2020.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read "Bernie Brookes".

**Mr Bernie Brookes**  
**Non-Executive Chairman**  
**31 August 2020**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED 30 JUNE 2020**

	Note	30-Jun-20 US\$	30-Jun-19 US\$
Revenue		32,940	6,858
Cost of Sales		(9,762)	(2,952)
Other income		413	173
Administrative expenses		(57,964)	(97,689)
Consulting fees		(53,082)	(9,994)
Depreciation and amortisation expense		(111,130)	(82,405)
Directors fees		(62,650)	(86,614)
Executive remuneration		(106,776)	(141,866)
Administrative remuneration		(40,466)	(50,331)
Finance expenses		(9,873)	(15,551)
Insurance		(42,971)	(42,829)
Interest expense		(950)	(2,596)
Legal and professional fees		(26,074)	(55,533)
Finance and accounting expenses		(90,866)	(98,822)
Motor vehicle expense		(24,587)	(58,396)
Occupancy costs		(11,226)	(6,145)
Marketing and Investor relations		(262,207)	(276,650)
Research and development		(317,529)	(428,710)
Share based compensation		(18,988)	(422,807)
SRA and patent expense		(9,123)	(22,394)
Travel and accommodation		(32,512)	(60,671)
<b>Loss before income tax</b>		<b>(1,255,383)</b>	<b>(1,955,924)</b>
Income tax expense		-	-
<b>Loss for the year</b>		<b>(1,255,383)</b>	<b>(1,955,924)</b>
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign operations		(46,532)	10,681
Other comprehensive loss for the year, net of tax		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>(1,301,915)</b>	<b>(1,945,243)</b>
<b>Basic earnings/(loss) per share (cents per share)</b>	6	(0.42)	(0.99)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	30 June 2020 US\$	31 December 2019 US\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		381,114	1,371,275
Trade and other receivables		159,789	144,592
Other assets		59,156	34,141
Inventory		124,757	4,312
<b>TOTAL CURRENT ASSETS</b>		<b>724,816</b>	<b>1,554,320</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		27,835	27,914
Property, plant and equipment		248,588	283,239
Right-of-use assets		125,675	174,663
<b>TOTAL NON-CURRENT ASSETS</b>		<b>402,098</b>	<b>485,816</b>
<b>TOTAL ASSETS</b>		<b>1,126,914</b>	<b>2,040,136</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		277,329	270,432
Contract liability		45,000	-
Provisions		30,647	28,967
Lease liabilities		113,618	148,325
<b>TOTAL CURRENT LIABILITIES</b>		<b>466,594</b>	<b>447,724</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings		257,481	257,481
Lease liabilities		15,961	35,266
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>273,442</b>	<b>292,747</b>
<b>TOTAL LIABILITIES</b>		<b>740,036</b>	<b>740,471</b>
<b>NET ASSETS</b>		<b>386,878</b>	<b>1,299,665</b>
<b>SHAREHOLDERS' EQUITY</b>			
Issued capital	3	22,985,898	22,627,901
Reserves	4	2,042,484	2,057,885
Accumulated losses		(24,641,504)	(23,386,121)
<b>SHAREHOLDERS' EQUITY</b>		<b>386,878</b>	<b>1,299,665</b>

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2020

	Issued Capital US\$	Option Reserve US\$	Foreign Currency Reserve US\$	Accumulated Losses US\$	Total US\$
<b>Balance at 1 January 2019</b>	<b>18,762,675</b>	<b>1,626,095</b>	<b>(17,731)</b>	<b>(19,639,557)</b>	<b>731,482</b>
Loss for the year	-	-	-	(1,955,924)	(1,955,924)
Other comprehensive income	-	-	10,681	-	10,681
Total comprehensive loss for the year	-	-	10,681	(1,955,924)	(1,945,243)
<b>Transactions with owners, recognised directly in equity</b>					
Issue of shares	1,699,964	-	-	-	1,699,964
Issue of options	-	336,728	-	-	336,728
<b>Balance at 30 June 2019</b>	<b>20,462,639</b>	<b>1,962,823</b>	<b>(7,050)</b>	<b>(21,595,481)</b>	<b>822,931</b>
<b>Balance at 1 January 2020</b>	<b>22,627,901</b>	<b>2,102,496</b>	<b>(44,611)</b>	<b>(23,386,121)</b>	<b>1,299,665</b>
Loss for the year	-	-	-	(1,255,383)	(1,255,383)
Other comprehensive income	-	-	(46,532)	-	(46,532)
Total comprehensive loss for the year	-	-	(46,532)	(1,255,383)	(1,301,915)
<b>Transactions with owners, recognised directly in equity</b>					
Issue of shares	357,997	-	-	-	357,997
Issue of options	-	31,131	-	-	31,131
<b>Balance at 30 June 2020</b>	<b>22,985,898</b>	<b>2,133,627</b>	<b>(91,143)</b>	<b>(24,641,504)</b>	<b>386,878</b>

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE HALF YEAR ENDED 30 JUNE 2020

	Note	30-Jun-20 US\$	30-Jun-19 US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		80,591	12,776
Payments to suppliers and employees		(1,272,078)	(1,416,844)
Interest received		413	328
Interest and other finance costs		(7,894)	(19,828)
<b>Net cash used in operating activities</b>		<b>(1,198,968)</b>	<b>(1,423,568)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of plant and equipment		(8,727)	(33,941)
Receipts from investments		-	26,333
Payment for intellectual property		-	(15,000)
<b>Net cash used in investing activities</b>		<b>(8,727)</b>	<b>(22,608)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		333,505	1,600,330
Repayment of lease liabilities		(71,317)	(53,441)
<b>Net cash from financing activities</b>		<b>262,188</b>	<b>1,546,889</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(945,507)</b>	<b>100,713</b>
Cash and cash equivalents at the beginning of the period		1,371,275	508,572
Foreign exchange		(44,654)	6,075
<b>Cash and cash equivalents at the end of the financial period</b>		<b>381,114</b>	<b>615,360</b>

The accompanying notes form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020

### NOTE 1: REPORTING ENTITY

The interim financial report (**Report**) of Dotz Nano Limited (the **Company**) and its controlled entities (the **Group** or **Consolidated Entity**) for the half year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 31 August 2020.

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

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

### NOTE 2: BASIS OF PREPARATION

This Report for the half-year ended 30 June 2020 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

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

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

#### a) New or amended Accounting Standards and Interpretations adopted

The Group has reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2020. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Group accounting policies. No retrospective change in accounting policy of material reclassification has occurred during the half year.

#### b) Interest income

Interest revenue is brought to account on an accruals basis using the effective interest rate method and, if not received at the end of the reporting period, is reflected in the statement of financial position as a receivable

#### c) Contract liability

Contract liabilities represent the entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the entity recognises a receivable to reflect its unconditional right to consideration before the entity has transferred the goods or services to the customer.

#### d) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020****NOTE 2: BASIS OF PREPARATION (CONTINUED)****d) Inventories (Continued)**

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**e) Going concern**

The interim financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group incurred a loss for the half year ended 30 June 2020 of \$1,255,383 (2019: \$1,955,924) and net cash outflows from operating activities of \$1,198,968 (2019: \$1,423,568).

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic. These events are having a significant negative impact on world stock markets, currencies and general business activities.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. Despite the challenging operating environment from the effects of COVID-19, the Company has been able to leverage activity and has recently signed a sizable commercial agreement to mark medical face-masks as genuine.

The Board and Management of DTZ will continue to actively pursue opportunities as they arise however the Company is not able to estimate the full effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2020 financial year. If the pandemic continues, it may have a material adverse effect on the Company's results of future operations, financial position, and liquidity in fiscal year 2020.

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

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

The Directors believe that there will be sufficient funds available to continue to meet the Group's working capital requirements as at the date of this report the Directors expect the Group to be successful in securing additional funds through debt or equity issues, when required, further:

- The Group has historically demonstrated its ability to raise funds to satisfy its immediate cash requirements. Management have considered the future capital requirements of the Group and will consider all funding options as required.
- 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.
- The Directors are continuously exploring alternative options in an effort to mitigate the possible impact of COVID-19.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020

NOTE 3: ISSUED CAPITAL

	30 June 2020 US\$	31 December 2019 US\$
<b>(a) Share Capital</b>		
314,441,240 (31 December 2019: 295,004,274) fully paid Ordinary Shares	22,985,898	22,627,901
	<b>No.</b>	<b>US\$</b>
<b>(b) Movements in fully paid Ordinary Capital</b>		
<b>Opening balance at 1 January 2019</b>	<b>180,714,622</b>	<b>18,762,675</b>
Shares issued on conversion of Convertible Loan, 15 February 2019	9,791,632	554,833
Shares issued to the CEO, 15 February 2019	1,500,000 <sup>1</sup>	86,058
Shares issued on conversion of Convertible Loan, 19 February 2019	875,000	49,917
Shares issued under Placement, 7 May 2019	19,750,000	830,804
Shares issued under Placement, 8 May 2019	5,250,100	220,662
Shares issued in lieu of cash payment, 8 May 2019	283,672	13,730
Shares issued under Placement, 29 July 2019	16,129,145	690,975
Shares issued in lieu of cash payment, 12 September 2019	300,000	11,324
Issue of shares on conversion of options	695,000	-
Shares issued to Lead Manager, 12 September 2019	1,000,000	42,551
Shares issued under Placement, 26 November 2019	55,000,003	1,349,931
Shares issued to Consultant, 8 December 2019	2,500,000	70,130
Shares issued to CEO, 31 December 2019	1,000,000 <sup>2</sup>	43,479
Shares issued under Cleansing Prospectus, 31 December 2019	100	3
Shares issued to Employee on vesting options, 31 December 2019	215,000	-
Less: capital raising fees	-	(99,171)
<b>Closing balance 31 December 2019</b>	<b>295,004,274</b>	<b>22,627,901</b>
<b>Opening balance at 1 January 2020</b>	<b>295,004,274</b>	<b>22,627,901</b>
Shares issued on exercise of options, 10 February 2020	347,977	-
Shares issued on exercise of options, 10 February 2020	500,000	-
Shares issued under Cleansing Prospectus, 6 May 2020	100	4
Shares issued under Deferred Share Placement, 18 June 2020	13,888,889	342,250
Shares issued on exercise of options, 18 June 2020	1,200,000	-
Shares issued on exercise of options, 18 June 2020	1,500,000	-
Shares issued to Mr Uzi Breier, 18 June 2020	1,000,000	58,183
Shares cancelled relating to Mr Uzi Breier, 18 June 2020	(1,000,000)	(42,440)
Shares issued to former employee, 18 June 2020	1,000,000	-
Shares issued on exercise of options, 18 June 2020	1,000,000	-
<b>Closing balance at 30 June 2020</b>	<b>314,441,240</b>	<b>22,985,898</b>

<sup>1</sup> Subject to voluntary holding lock until 15 February 2020.

<sup>2</sup> Subject to voluntary holding lock until shareholder approval.



NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020

NOTE 4: RESERVES

	30 June 2020	31 December 2019
a) Reserves	US\$	US\$
Option Reserve 76,077,498 (31 December 2019: 91,224,527) options on issue	2,133,627	2,102,496
Foreign currency translation reserve	(91,143)	(44,611)
	<b>2,042,484</b>	<b>2,057,885</b>

b) Options Reserve	No.	US\$
<b>Opening balance at 1 January 2019</b>	<b>40,325,000</b>	<b>1,626,095</b>
Issue of free attaching options on conversion of Convertible Loan, 15 February 2019	2,447,909	-
Issue of options to directors, 15 February 2019	3,000,000	103,780
Issue of options to employee, 15 February 2019	1,000,000	58,344
Issue of free attaching options on conversion of Convertible Loan, 19 February 2019	218,750	-
Issue of free attaching options under Placement, 7 May 2019	9,875,005	-
Issue of free attaching options under Placement, 8 May 2019	2,625,000	-
Issue of options to Lead Manager, 19 June 2019	5,000,000	122,302
Issue of free attaching options under Placement, 29 July 2019	8,064,526	-
Broker options expired, 8 August 2019	(10,000,000)	-
Issue of options under Employees Share Option Plan, 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, 31 October 2019	10,000,000	26,110
Options expired, 31 October 2019	(5,500,000)	-
Issue of options to consultant, 3 December 2019	10,000,000	14,344
Issue of placement options	18,333,337	-
Conversion of options to shares, 31 December 2019	(215,000)	-
Options cancellation, 31 December 2019	(1,000,000)	-
Options cancellation of Tranche 3 options under Employees Share Option Plan	(1,000,000)	-
Vested Tranche 1 options under Employees Share Option Plan	-	4,155
Vested Tranche 2 options under Employees Share Option Plan	-	138,232
Vested Tranche 3 options under Employees Share Option Plan	-	13,910
<b>Closing balance at 31 December 2019</b>	<b>91,224,527</b>	<b>2,102,496</b>

<b>Opening balance at 1 January 2020</b>	<b>91,224,527</b>	<b>2,102,496</b>
Cancellation of options, 5 February 2020	(6,000,000)	-
Cancellation of options, 10 February 2020	(652,023)	-
Exercise of options, 10 February 2020	(347,977)	-
Exercise of options, 10 February 2020	(425,000)	-
Cancellation of options, 20 April 2020	(500,000)	-
Cancellation of options, 20 April 2020	(500,000)	-
Cancellation of options, 20 April 2020	(500,000)	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020

**NOTE 4: RESERVES (CONTINUED)**

<b>b) Options Reserve</b>	<b>No.</b>	<b>US\$</b>
Cancellation of options, 20 April 2020	(1,000,000)	-
Issue of options, 11 May 2020 <sup>3</sup>	375,000	3,350
Cancellation of options, 14 June 2020	(5,000,000)	-
Exercise of options, 18 June 2020	(1,200,000)	-
Exercise of options, 18 June 2020	(1,500,000)	-
Exercise of options, 18 June 2020	(1,000,000)	-
Cancellation of options, 18 June 2020	(210,000)	(859)
Issue of options, 18 June 2020	1,350,000	9,547
Issue of free attaching options, 18 June 2020	4,629,630	-
Cancellation of options, 30 June 2020	(2,666,659)	-
Vested value of consultant options issued 3 December 2019	-	19,093
<b>Closing balance at 30 June 2020</b>	<b>76,077,498</b>	<b>2,133,627</b>

<b>c) Foreign currency translation reserve</b>	<b>US\$</b>	<b>US\$</b>
<b>Opening balance</b>	<b>(44,611)</b>	<b>(17,731)</b>
Difference arising on translation	(46,532)	(26,880)
<b>Balance at the end of the year</b>	<b>(91,143)</b>	<b>(44,611)</b>

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

**NOTE 5: DIVIDENDS**

The Company did not pay or propose any dividends in the half year to 30 June 2020.

**NOTE 6: LOSS PER SHARE**

The following reflects income and share data used in the calculation of basic loss per share.

	<b>30 June 2020</b>	<b>30 June 2019</b>
Total loss for the period (US\$)	(1,255,838)	(1,955,924)
Weighted average number of Ordinary Shares in calculating basic loss per share (No.)	296,886,894	197,282,496

**NOTE 7: CONTINGENT ASSET AND LIABILITIES**

The Group has no known contingent liabilities as at 30 June 2020.

<sup>3</sup> Universal Export Group and Mr Ricky Neumann options are to be ratified at the next shareholders meeting.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020

### NOTE 8: SUBSEQUENT EVENTS

Subsequent to the half year end the following events occurred:

- The Company has agreed subsequent to the balance date to issue unquoted options to various employees, consultants and Directors ("Pan Options"). The Plan Options include the issue of 30,285,000 unlisted options with various exercise prices, vesting and expiry dates. The issue to the Directors will be subject to shareholder approval.
- The full impact of the COVID-19 outbreak continues to evolve at the date of this report. Despite the challenging operating environment from the effects of COVID-19, the Company has been able to leverage activity and has recently signed a sizable commercial agreement to mark medical face-masks as genuine.

The Board and Management of DTZ will continue to actively pursue opportunities as they arise however the Company is not able to estimate the full effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2020 financial year. If the pandemic continues, it may have a material adverse effect on the Company's results of future operations, financial position, and liquidity in fiscal year 2020.

- On 21 July 2020, the Company announced that it had filed a Patent application on methods for rapid and real-time detection of viruses and is undertaking further testing of the application of this technology in relation to COVID-19. A letter of intent for a Technology Collaboration Agreement has been signed with a Brazilian genetic and health company FullDNA to provide insight on potential architecture and analysis of trial results. To facilitate clinical testing on confirmed COVID-19 patients, a Letter of Intent has been signed with Sheba Medical Centre in Israel.
- On 21 July 2020, the Company also announced that it had signed a pilot agreement with Zohar-Dalia Cooperative Agriculture Association Ltd for the use of ValidDotz™ markers in disinfectant materials to verify surface coverage for signs of viruses, including COVID-19. The Company will receive nominal fee for the Pilot. Under the agreement, the Company will mark 1,000 litres of Zohar-Dalia disinfectant material to trace and verify proper surface coverage in local hospitals and other public areas.
- On 4 August 2020, the Company announced that it had signed a A\$528,000 commercial agreement with V2Tech Distributors Pty Ltd (V2Tech), an Australian-based corporation specialising in wholesale distribution, to authenticate medical face masks in Australia ("Agreement"). The initial order will consist of 30 million face masks for the Australian health sector, government, and retailers. V2Tech will pay 5% of the contract value within 30 days of the Agreement and will be the sole distributor for two years in Australia.

As an incentive, Dotz will grant V2Tech 1.5 million Unlisted Options with exercise price of \$A0.23 vesting on a pro-rata quarterly basis over the two-year period if performance targets are met, with an expiry term of three years from the date of the Agreement. The issue of options will be subject to shareholder approval.

- On 28 August 2020, the Company announced that it had signed a USD 1.6M commercial agreement with TT Medical Group (TTM), an Turkish-based corporation combined over 15 years of expertise in medical equipment and materials with the top of the line manufacturing, to supply the most needed protective equipment ("Agreement"). The initial order expected in Q4 2020 will be valued at USD 250K, a second order in the amount of USD 450K is expected Q1 2021 and the remaining contract will be ordered according to customer demand. TTM will be the sole distributor of the "Secured by Dotz" authentication solution for face masks in Turkey, Italy and Ghana PPE markets for a three-year period, provided agreed annual sales targets are met.

In addition, Dotz has also signed a three-year distribution agreement with a related party, TT Medical UAE ("TTMU"), whereby TTMU will become the sole distributor of the "Secured by Dotz" authentication solution for face masks in the UAE, Egypt, Qatar and Saudi Arabia PPE markets, provided agreed annual sales targets are met. As an incentive, Dotz will grant TTMU 4 million Unlisted Options with exercise price at a 40% premium to the closing Dotz share price on 25 August 2020 vesting on a pro-rata quarterly basis over the three year period if performance targets are met, with an expiry term of three and a quarter years from the date of the Agreement. The issue of options will be subject to shareholder approval

There have been no other material matters or circumstances that have arisen since 30 June 2020.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020****NOTE 9: SEGMENT INFORMATION**

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

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

**NOTE 10: RELATED PARTY TRANSACTIONS**

On 15 January 2020, Mr Bernie Brookes was appointed as Non-Executive Chairman. The Chairman's salary consists of a fixed annual fee of A\$120,000 (inclusive of superannuation contributions, if applicable).

On 15 January 2020, Mr Doron Eldar was appointed as Non-Executive Director of the Company. The Non-Executive Director fees are set at A\$50,000 per annum. Mr Eldar is a partner at venture capital fund Southern Israel Bridging Fund (SIBF) and Oxen9. During the half year ended 30 June 2020, Oxen9 received US\$37,073 for corporate advisory services provided to the Company. The Company received US\$333,505 from SIBF under the Deferred Share Placement announced on 26 November 2019.

On 23 March 2020, Non-Executive Directors Mr John Bullwinkel and Mr Ashely Krongold resigned from the Board.

There have been no other material changes to related parties since 31 December 2019.

**NOTE 11: COMMITMENTS**

The Group does not have known material commitments at 30 June 2020.

**DIRECTORS' DECLARATION**

The Directors of Dotz Nano Limited declare that:

1. The financial statements and notes, as set out on pages 7 to 16 are in accordance with the Corporations Act 2001 and:
  - a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - b) give a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of its performance for the period ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



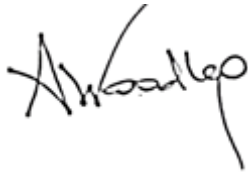
**Mr Bernie Brookes**  
**Non-Executive Chairman**  
**31 August 2020**

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

As lead auditor for the review of Dotz Nano Limited for the half-year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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

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



**Ashleigh Woodley**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 31 August 2020

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dotz Nano Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Dotz Nano Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

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

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

#### Material uncertainty relating to going concern

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



### **Responsibility of the directors for the financial report**

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

### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 30 June 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

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

**BDO Audit (WA) Pty Ltd**

A handwritten signature in black ink. The signature starts with the letters 'BDO' in a stylized, cursive-like font. Below this, there is a large, fluid signature that appears to read 'Ashleigh Woodley'.

**Ashleigh Woodley**

**Director**

Perth, 31 August 2020