

1. Company details

Name of entity:	Dotz Nano Limited
ABN:	71 125 264 575
Reporting period:	For the period ended 30 June 2024
Previous period:	For the period ended 30 June 2023

2. Results for announcement to the market

		%	US\$
Loss from ordinary activities after tax	down	16.7% to	(2,774,262)
Loss for the period	down	16.7% to	(2,774,262)

Dividends

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

Comments

The loss for the Group after providing for income tax amounted to US\$2,774,262 (30 June 2023: US\$3,331,169).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(0.52)	(0.45)

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

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

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

No changes from 31 December 2023.

9. Information on audit or review

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

10. Attachments

Details of attachments (if any):

The Interim Report of Dotz Nano Limited for the period ended 30 June 2024 is attached.

11. Signed



Signed _____

Date: 20 August 2024

Dotz Nano Limited

ABN 71 125 264 575

Interim Report - 30 June 2024

The Directors of Dotz Nano Limited ("the Company") and controlled entities ("the Group") submit the following report for the half year ended 30 June 2024.

Directors

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

Mr Bernie Brookes AM
Mr Doron Eldar
Ms Kerry Harpaz
Mr Sharon Malka (appointed 22 March 2024)
Mr Mitchell Broad (appointed 15 February 2024)
Mr Glenn Kelly (Appointed 7 March 2024)

Company Secretary

Mr Andrew Ritter

Principal activities

The principal continuing activities of the Group during the half 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 solutions for anticounterfeiting and monitoring, primarily for the oil & gas and chemicals sectors;
- Carbon-based sorbent technology for industrial decarbonisation and sustainability.

Financial review

Dotz Nano Limited had a loss for the year of \$2,774,262 (30 June 2023: \$3,331,169). This included a non-cash amount of \$184,612 share-based payments (30 June 2023 share based-based income: \$290,752).

The Group was in net asset position from \$2,399,666 at 31 December 2023 to \$1,537,916 at 30 June 2024.

As at 30 June 2024, the Group's cash and cash equivalents balance was \$268,974 (31 December 2023: \$1,345,529).

The Directors are satisfied that the Group will have access to sufficient cash to fund its forecast expenditure 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

During the half year ended 30 June 2024, the following activities occurred:

Overview

Since its establishment, Dotz has identified new market opportunities that align with the Company's vision to harness nanotechnologies and advanced materials to tackle global environmental and industrial challenges.

Dotz's primary focus is centred on the development and commercialisation of its ground-breaking carbon capture technology, DotzEarth, its proprietary synthesis method for converting plastic waste to porous carbon sorbents as an enabler of carbon neutrality. The novel nano-porous sorbents are specifically designed for efficient capture of CO₂. Simultaneously, the Company is continuing discussions with potential customers and partners to secure commercial collaborations for its tagging solution, DotzShield.

Dotz Earth technology demonstration

Dotz Earth features a proprietary nano-porous carbon sorbent which demonstrated enhanced properties compared with commercial carbon-based sorbents: greater adsorption capacity, better selectivity, and a reduction in regeneration energy.

Dotz's nano-porous carbon sorbent validation testing conducted at SINTEF's labs, showed a 3-fold increase in adsorption capacity when compared to a commercially available activated carbon sorbent (at 10 kPa) and significantly higher selectivity vs. nitrogen (N₂).

Process simulations using SINTEF's validated Moving Bed Temperature Swing Process ("MBTSA"), resulted in superior results compared with commercial sorbents. Most importantly, use of the Dotz nano-porous carbon sorbent reduces the energy required for sorbent regeneration and release of CO₂ (energy penalty), which was significantly lower than energy requirements of commercial activated carbon and commercial liquid amines.

The Company has also completed the construction of a bench-scale demonstration unit designed by SINTEF, demonstrating and confirming the effectiveness of its first nano porous adsorbent. The Company commenced the design of a small-scale pilot unit.

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. This was made possible by the installation and commissioning of a large-scale pyrolysis reactor in our laboratories.

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

Appointment of Head of Engineering

Dotz announced the appointment of Mr Daniel Vorenberg as Head of Engineering. Mr Vorenberg has over 20 years' experience across the chemicals and energy industries.

Mr Vorenberg's appointment strengthens Dotz's in-house engineering capabilities as the Company works towards achieving its next technology development milestone of demonstrating DotzEarth at scale.

Funding and capitalization

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

The Company issued Convertible Notes to Mercer in consideration of \$5 million investment and options at \$0.35 per share with a 36-month maturity. 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.

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 - see subsequent events. The funds from the placement will be 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 to ensure that it has the appropriate financial pathway to achieve the commercialisation of the DotzEarth technology.

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

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 conflict in Israel.

Significant Changes in the State of Affairs

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

Subsequent events

On 19 July 2024, the Board re-approved the issue of 9,000,000 options to the Directors of the Company, 1,467,750 options to CEO and 2,025,625 options to employees.

On 1 August 2024, the Board of Directors granted 2,025,625 options to employees. The options are vested over a period of 3 years and exercisable at A\$0.15, subject to continued employment and expire five years from issue date.

On 1 August 2024, the Company issued 605,880 ordinary shares and 2,000,000 performance rights (PRs) to the CEO and 174,178 shares to the CFO, following shareholders approval on 31 May 2024. The PRs will vest following an escrow period of 24 months and are subject to achievement of performance hurdles and vesting conditions set by the Board. Issuance of options to directors and CEO are subject to shareholder approval.

In August 2024, the Company raised AU\$2.3 million (US\$1.5 million) via private placement offering (the "Private Placement") to a combination of existing and new institutional and sophisticated investors.

Under the Placement, the Company issued of 16,850,000 new fully paid ordinary shares ("New Shares") in the Company at A\$0.10 (10 cents) per New Share ("Issue Price") and 16,850,000 attaching unlisted option, each exercisable at A\$0.165 (16.5 cents) expiring two years from the date of issue ("Placement Options"). 6,000,000 shares and 6,000,000 options to be issued to related parties will be subject to shareholder at an Extraordinary General Meeting of Shareholders to be held in September 2024.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the period ended 30 June 2024 is set out immediately after this directors' report.

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

On behalf of the directors



Bernie Brookes AM
Chairman

20 August 2024



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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 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to read 'Ashleigh Woodley', is written over a light blue horizontal line.

Ashleigh Woodley
Director

BDO Audit Pty Ltd
Perth
20 August 2024

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General information

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

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

Registered office

Level 14
330 Collins Street
Melbourne, Victoria 3000

Principal place of business

1 Atir Yeda Kefar-Sava, Israel, 4464301
Kefar-Sava
Israel, 4464301

A description of the nature of the Group'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 20 August 2024.

Dotz Nano Limited
**Consolidated statement of profit or loss and other comprehensive income
For the period ended 30 June 2024**


	Note	30 June 2024	30 June 2023
		US\$	US\$
Expenses			
Research and development expenses		(591,556)	(669,825)
General, administrative, selling and marketing expenses	4	(1,430,184)	(1,863,943)
Share based compensation expense	11	(184,612)	(290,752)
Operating loss		(2,206,352)	(2,824,520)
Finance costs		(567,910)	(506,649)
Loss before income tax expense		(2,774,262)	(3,331,169)
Income tax expense		-	-
Loss after income tax expense for the period		(2,774,262)	(3,331,169)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		11,257	49,101
Other comprehensive income for the period, net of tax		11,257	49,101
Total comprehensive income loss for the period		(2,763,005)	(3,282,068)
		Cents	Cents
Basic and diluted loss per share (cents)		(0.53)	(0.72)

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

		30 June 2024	31 December 2023
Note		US\$	US\$
Assets			
Current assets			
		268,974	1,345,529
		81,411	187,069
		7,062	7,319
		32,654	132,165
		<u>390,101</u>	<u>1,672,082</u>
Non-current assets			
		280,001	250,490
		347,211	469,755
		4,265,100	4,265,100
		<u>4,892,312</u>	<u>4,985,345</u>
		<u>5,282,413</u>	<u>6,657,427</u>
Liabilities			
Current liabilities			
	5	578,534	852,655
		250,314	256,250
	6	2,099,536	2,875,324
	7	668,350	-
		46,730	46,352
		<u>3,643,464</u>	<u>4,030,581</u>
Non-current liabilities			
		101,033	227,180
		<u>101,033</u>	<u>227,180</u>
		<u>3,744,497</u>	<u>4,257,761</u>
		<u>1,537,916</u>	<u>2,399,666</u>
Equity			
	8	42,186,315	40,701,153
	9	9,359,739	8,932,3889
		(50,008,138)	(47,233,876)
		<u>1,537,916</u>	<u>2,399,666</u>

Dotz Nano Limited
Consolidated statement of changes in equity
For the period ended 30 June 2024



	Issued capital US\$	Option reserve US\$	Foreign currency reserve US\$	Accumulated losses US\$	Total deficiency in equity 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 period	-	-	-	(3,331,169)	(3,331,169)
Other comprehensive income for the period, net of tax	-	-	49,101	-	49,101
Total comprehensive income profit/(loss) for the period	-	-	49,101	(3,331,169)	(3,282,068)
<i>Transactions with owners in their capacity as owners:</i>					
Exercise of options (note 8)	92,712	-	-	-	92,712
Share-based payments (note 11)	-	290,752	-	-	290,752
Issue of shares (note 8)	1,058,192	-	-	-	1,058,192
Balance at 30 June 2023	34,869,395	7,014,738	26,442	(43,995,572)	(2,084,997)

	Issued capital US\$	Option reserve US\$	Foreign currency reserve US\$	Accumulated losses US\$	Total equity 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 period	-	-	-	(2,774,262)	(2,774,262)
Other comprehensive income for the period, net of tax	-	-	11,257	-	11,257
Total comprehensive income profit/(loss) for the period	-	-	11,257	(2,774,262)	(2,763,005)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of shares (note 8)	1,485,162	-	-	-	1,485,162
Share-based payments (note 11)	-	184,613	-	-	184,613
Options to Mercer	-	231,480	-	-	231,480
Balance at 30 June 2024	42,186,315	9,301,829	57,910	(50,008,138)	1,537,916

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 period ended 30 June 2024



	Note	30 June 2024	30 June 2023
		US\$	US\$
Cash flows from operating activities			
Receipts from customers		-	16,148
Payments to suppliers and employees, net		(1,644,129)	(2,089,225)
Interest received		3,291	14,126
Interest paid		(1,202)	(1,094)
Net cash used in operating activities		(1,642,040)	(2,060,045)
Cash flows from investing activities			
Receipts from investments		-	7,000
Purchase of plant and equipment		(66,618)	-
Net cash from/(used in) investing activities		(66,618)	7,000
Cash flows from financing activities			
Proceeds from exercise of options	8	-	92,712
Proceeds from repayment of related party loan		-	276,614
Proceeds from issue of convertible loan		2,984,192	-
Repayment of lease liabilities		-	(141,458)
Proceeds from share issue		434,296	-
Proceeds from borrowings		575,767	-
Repayment of borrowings		(3,210,063)	-
Repayment of lease liabilities		(132,082)	-
Net cash from financing activities		652,110	227,868
Net decrease in cash and cash equivalents		(1,056,548)	(1,825,177)
Cash and cash equivalents at the beginning of the financial period		1,345,529	3,048,877
Effects of exchange rate changes on cash and cash equivalents		(20,007)	(74,308)
Cash and cash equivalents at the end of the financial period		268,974	1,149,392

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

Note 1. Reporting entity

The interim financial report of Dotz Nano Limited ("the Company") and its controlled entities ("the Group") for the half year ended 30 June 2024 was authorised for issue in accordance with a resolution of the Directors on 20 August 2024.

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 1 Atir Yeda Kefar-Sava, Israel, 4464301 and the registered office is located at Level 14, 330 Collins Street, Melbourne, Victoria 3000, Australia.

Note 2. Material accounting policy information

These general-purpose financial statements for the interim half-year reporting period ended 30 June 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2023 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 accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

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 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 half year.

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 2024 of \$2,774,262 (30 June 2023: \$3,331,169) and net cash outflows from operating activities of \$1,642,040 (30 June 2023: \$2,060,045). The Company had working capital deficit of (\$3,253,363) at 30 June 2024 (31 December 2023: (\$2,358,499)).

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 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:

Note 2. Material accounting policy information (continued)

- 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 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 and has subsequent to balance date raised further funds (Refer Note 14).
- The Company entered into a Convertible Securities Agreement with Mercer Streed Global Opportunity Fund LLC, a US-based investment fund managed by Mercer Street Capital Partners, LLC, to raise up to AU\$12 million via the issue of convertible notes. Subject to agreement by the Company and Mercer, further Convertible Notes to raise up to maximum of AU\$7 million (Subsequent Investment Amount), are available subject to satisfaction of customary conditions (refer note 6(i)). The convertible note is not immediate due and payable.
- In August 2024, the Company raised AU\$2.3 million (US\$1.5 million) via private placement offering to a combination of existing and new institutional and sophisticated investors.
- The Directors of Dotz Nano also have reason to believe that in addition to the cash flow currently available, additional funds from receipts are expected through the commercialisation of the Group's products.

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

Note 3. 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 4. General, administrative, selling and marketing expenses

	30 June 2024	30 June 2023
	US\$	US\$
Wages and benefits	463,173	560,373
Consulting fees	201,802	167,223
Sales and marketing expenses	250,649	591,816
Director fees	185,804	166,294
Other expenses	328,756	378,237
	<u>1,430,184</u>	<u>1,863,943</u>

Note 5. Trade and other payables

	30 June 2024	31 December 2023
	US\$	US\$
<i>Current liabilities</i>		
Trade payables	167,493	150,550
Other payables	411,041	702,105
	<u>578,534</u>	<u>852,655</u>

Note 6. Financial liability

	30 June 2024	31 December 2023
	US\$	US\$
<i>Current liabilities</i>		
Financial Liability – Mercer (i)	2,099,536	-
Financial liability – Lind (ii)	-	1,871,513
Financial liability – Other (iii)	-	1,003,811
	<u>2,099,536</u>	<u>2,875,324</u>
	30 June 2024	31 December 2023
	US\$	US\$
Opening balance	1,871,513	2,612,463
Less repayment of Lind liability	(1,871,513)	-
Financial liability at inception	2,209,727	
Less: transaction costs	(277,114)	
Finance cost (accretion of debt)	150,059	
Partial settlement of financial liability	(133,308)	
Foreign exchange impact	150,172	
	<u>2,099,536</u>	<u>1,871,513</u>

(i) Financial Liability - Mercer

On 5 February 2024, the Company announced that it had secured up to \$12 million under a funding agreement (Convertible Securities Agreement) with Mercer Street Global Opportunity Fund, LLC (Mercer) via the issue of convertible notes.

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 AU\$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 951,778 Initial commencement shares for nil consideration. In addition, the Company will issue Mercer 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:

Note 6. Financial liability (continued)

- 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\$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 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 .

As of 30 June 2024, the Company issued 5,500,000 convertible notes, commencement shares and options in consideration for AU\$5 million invested to date as followed:

- On 5 February 2024, the Company issued Mercer 2,200,000 Convertible Notes, 2,857,143 Options for nil consideration and 475,889 Initial commencement shares for nil consideration;
- On 19 March 2024, the Company issued Mercer 3,300,000 Convertible Notes, 4,285,714 Options for nil consideration and 475,889 Initial commencement shares for nil consideration

According to the Convertible Securities Agreement, further Convertible Notes to raise up to maximum of AU\$7 million (Subsequent Investment Amount) are available to the Company, subject to agreement by the Company and Mercer and satisfaction of customary conditions.

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.

(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\$2.35 million (US\$1.60 million).

Note 6. Financial liability (continued)

(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, out of which AU\$75,000 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, out of which AU\$75,000 is with a related party (director Kerry Harpaz) and AU\$100,000 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 loans and accrued interest were repaid out of which AU\$250,000 were paid to directors Kerry Harpaz and Mitch Board.

Note 7. Derivative financial instruments (continued)

	30 June 2024 US\$	31 December 2023 US\$
<i>Current liabilities</i>		
Embedded derivative - financial liability at fair value through P&L	668,350	-
	30 June 2024 US\$	31 December 2023 US\$
Opening balance	-	690,940
Embedded derivative liability at inception	1,044,369	-
Partial settlement of embedded derivative	(71,322)	(690,940)
Fair value movement on embedded derivative	(304,697)	-
Closing balance	668,350	-

Refer to note 6 for further information.

Note 8. Issued capital

	30 June 2024 Shares	31 December 2023 Shares	30 June 2024 US\$	31 December 2023 US\$
(a) Ordinary shares - fully paid	523,762,108	513,884,881	42,186,315	40,701,153
(b) Reconciliation of share capital			No	US\$
Opening balance as 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 lieu 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
Opening balance at 1 January 2024			513,884,881	40,701,153
Consideration from Lind Partners shares issued 23/9/22			-	435,710
Shares issued to Lind Partners			3,333,334	345,000
Shares issued to H2 Blue Tech Limited			2,800,000	309,114
Shares issued to Mercer Street Global			475,889	52,537
Shares issued to H2 Blue Tech Limited			1,000,000	112,250
Shares issued to Mercer Street Global			475,889	51,374
Shares issued to Mercer Street Global			1,792,115	179,177
Closing balance at 30 June 2024			523,762,108	42,186,315

Note 9. Reserves

	30 June 2024	31 December 2023
	US\$	US\$
(a) Foreign currency translation reserve	57,910	46,652
(b) Options reserve	9,301,829	8,885,736
	<u>9,359,739</u>	<u>8,932,388</u>
(a) Foreign currency translation reserve	US\$	US\$
Opening balance	46,653	(22,659)
Difference arising on translation	11,257	69,312
Closing balance	<u>57,910</u>	<u>46,653</u>
(b) Reconciliation of option 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 options from prior periods	-	204,893
Closing balance at 31 December 2023	<u>69,379,894</u>	<u>8,885,736</u>
	No.	US\$
Opening balance at 1 January 2024	69,379,894	8,885,736
Options issued to Mercer	7,142,857	231,480
Vesting of options from prior periods	-	184,613
Closing balance on 30 June 2024	<u>76,522,751</u>	<u>9,301,829</u>

Note 10. Dividends

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

Note 11. Share-based payments

On 31 May 2024, the shareholders approved a Long-Term Incentive Plan (Plan) and granting options and rights to executives and employees - see Note 14.

The shareholders also approved the issue of 2,000,000 performance rights (PRs) and 605,880 ordinary shares to the CEO and 174,178 shares to the CFO. The PRs will vest following an escrow period of 24 months and are subject to achievement of performance hurdles and vesting conditions set by the Board.

In addition, on 19 July 2024, the board approved issue of 9,000,000 options to the Directors of the Company, 1,467,750 options to CEO and 2,025,625 options to employees. Grant of options to directors and CEO is subject to shareholder approval.

The Company did not recognise any new share-based payment arrangements at 30 June 2024.

Note 11. Share-based payments (continued)

For the half year ended 30 June 2024 a share based expense of (\$184,613) (30 June 2023: (\$290,752)) was recognised in profit and loss in line with option vesting periods and after reversal of prior year expense relating to options not vesting.

	30 June 2024 US\$	30 June 2023 US\$
SBP expense for options under the employee share option plan	126,473	272,840
SBP expense for external advisors	58,140	17,912
Total	<u>184,613</u>	<u>290,752</u>

Note 12. Contingent asset and liabilities

There has been no change to contingent assets and liabilities to 30 June 2024.

Note 13. Related party transactions

Transactions with related parties

The related party transactions remained consistent with 31 December 2023.

The Company entered into short term loan agreements with directors totalling to AU\$250,000. The loan term was for one month or such longer time as determined by the Lender. The interest rate applicable was 5% of the principal loan amount for each month the loan remains outstanding. In February and March AU\$250,000 loans and accrued interest were fully repaid. (See Note 6)

Receivable from and payable to related parties

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

Note 14. Matters subsequent to the end of the financial period

On 19 July 2024, the Board approved the issue of 9,000,000 options to the Directors of the Company, 1,467,750 options to CEO and 2,025,625 options to employees. Issuance of options to directors and CEO are subject to shareholder approval

On 1 August 2024, the Board of Directors granted 2,025,625 options to employees. The options are vested over a period of 3 years and exercisable at A\$0.15, subject to continued employment and expire five years from issue date.

On 1 August 2024, the Company issued 605,880 ordinary shares and 2,000,000 performance rights (PRs) to the CEO and 174,178 shares to the CFO, following shareholders approval on 31 May 2024. The PRs will vest following an escrow period of 24 months and are subject to achievement of performance hurdles and vesting conditions set by the Board.

In August 2024, the Company raised AU\$2.3 million (US\$1.5 million) via private placement offering (the "Private Placement") to a combination of existing and new institutional and sophisticated investors.

Under the Placement, the Company issued of 16,850,000 new fully paid ordinary shares ("New Shares") in the Company at A\$0.10 (10 cents) per New Share ("Issue Price") and 16,850,000 attaching unlisted option, each exercisable at A\$0.165 (16.5 cents) expiring two years from the date of issue ("Placement Options"). 6,000,000 shares and 6,000,000 options to be issued to related parties will be subject to shareholder at an Extraordinary General Meeting of Shareholders to be held in September 2024.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

The Directors of Dotz Nano Limited declare that:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Bernie Brookes AM
Chairman

20 August 2024

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 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 half-year ended on that date, material accounting policy information 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 2024 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Material uncertainty related to going concern

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



Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2024 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 Pty Ltd

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

Ashleigh Woodley

Director

Perth, 20 August 2024