

1. Company details

Name of entity:	Dotz Nano Limited
ABN:	71 125 264 575
Reporting period:	For the year ended 31 December 2022
Previous period:	For the year ended 31 December 2021

2. Results for announcement to the market

				US\$
Revenue from continuing operations	down	37.0%	to	191,900
Loss from ordinary activities after tax attributable to the owners of Dotz Nano Limited	down	32.3%	to	(5,373,346)
Loss for the year attributable to the owners of Dotz Nano Limited	down	32.3%	to	(5,373,346)

Comments

The loss for the consolidated entity after providing for income tax amounted to US\$5,373,346 (31 December 2021: US\$7,935,940).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(0.05)</u>	<u>0.95</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Dotz Nano Limited

Controlled entity	Country of incorporation	Percentage owned	
		2022	2021
Dotz Nano Ltd	Israel	100%	100%

10. Audit

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

11. Attachments

The Preliminary Final Report of Dotz Nano Limited for the year ended 31 December 2022 is attached.

As at 31 December 2022, the Company had net liability position of \$244,586 (2021: net asset position \$4,060,471). The net liability position has resulted from application of Accounting Standards requiring the convertible instrument to be classified as debit, not equity.

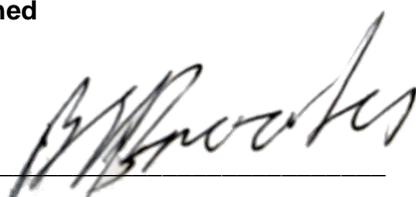
As detailed in Note 3, Dotz Nano Limited entered into an agreement with Lind Global Fund II, LP, a fund managed by The Lind Partners ("Lind"), for an investment of A\$5.15 million ("Funding Agreement"). The Funding Facility provided by Lind a hybrid instrument which includes a combination of 'debt' financial liability that represents the contractual cashflows and a derivative financial liability that represents the conversion feature.

Under the Funding Agreement the Company can elect to settle the debt through issue of Company shares. On settlement date the Company issued 5,500,000 initial shares to Lind, under the Accounting Standards these shares have been accounted for as treasury shares with nil value being allocated on issue date.

For further information on the Funding Agreement, refer to Note 3.

12. Signed

Signed



Date: 27 February 2023

Bernard Brookes
Non-executive Chairman

Dotz Nano Limited

ABN 71 125 264 575

Preliminary Final Report - 31 December 2022

Dotz Nano Limited
Preliminary Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2022



	Note	2022 US\$	2021 US\$
Revenue			
Revenue from contracts with customers		191,900	304,595
Cost of sales		<u>(139,593)</u>	<u>(122,190)</u>
Gross profit		<u>52,307</u>	<u>182,405</u>
Expenses			
Research and development expenses		(1,266,705)	(1,519,442)
General, administrative, selling and marketing expenses		(3,683,816)	(3,357,675)
Share based compensation		21,001	(3,131,433)
Finance costs		<u>(496,133)</u>	<u>(109,795)</u>
Loss before income tax expense		(5,373,346)	(7,935,940)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense		(5,373,346)	(7,935,940)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		<u>(68,515)</u>	<u>(231,713)</u>
Other comprehensive income (loss) for the year, net of tax		<u>(68,515)</u>	<u>(231,713)</u>
Total comprehensive income (loss)		<u><u>(5,441,861)</u></u>	<u><u>(8,167,653)</u></u>
		Cents	Cents
Basic earnings per share (loss)		(1.21)	(1.98)

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

Dotz Nano Limited
Preliminary Consolidated Statement of Financial Position
As at 31 December 2022



	Note	2022 US\$	2021 US\$
Assets			
Current assets			
Cash and cash equivalents		3,048,878	4,137,046
Trade and other receivables		34,321	296,816
Inventory		7,543	47,743
Loan to related party	2	284,017	218,227
Other assets		747,598	73,013
		<u>4,122,357</u>	<u>4,772,845</u>
Assets of disposal groups classified as held for sale		-	(218,227)
Total current assets		<u>4,122,357</u>	<u>4,554,618</u>
Non-current assets			
Plant and equipment		189,296	235,380
Right-of-use assets		264,613	540,741
Total non-current assets		<u>453,909</u>	<u>776,121</u>
Total assets		<u>4,576,266</u>	<u>5,330,739</u>
Liabilities			
Current liabilities			
Trade and other payables		1,202,875	575,941
Lease liabilities		276,560	321,930
Provisions		38,013	88,606
Total current liabilities		<u>2,208,388</u>	<u>986,477</u>
Non-current liabilities			
Convertible loan	3	2,612,463	-
Lease liabilities		-	281,791
Derivative financial instrument	3	690,940	-
Total non-current liabilities		<u>3,303,403</u>	<u>281,791</u>
Total liabilities		<u>4,820,851</u>	<u>1,268,268</u>
Net assets/(liabilities)		<u>(244,585)</u>	<u>4,062,471</u>
Equity			
Issued capital	4	33,718,490	32,864,049
Reserves	5	6,701,328	6,489,479
Accumulated (losses)		<u>(40,664,403)</u>	<u>(35,291,057)</u>
Total equity/(deficiency)		<u>(244,585)</u>	<u>4,062,471</u>

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

Dotz Nano Limited
Preliminary Consolidated Statement of changes in equity
For the year ended 31 December 2022



	Issued capital US\$	Option reserve US\$	Foreign currency reserve US\$	Accumulated losses US\$	Total equity US\$
Balance at 1 January 2021	28,971,254	3,312,190	277,569	(27,355,117)	5,205,896
Loss after income tax expense for the year	-	-	-	(7,935,940)	(7,935,940)
Other comprehensive income (loss) for the year, net of tax	-	-	(231,713)	-	(231,713)
Total comprehensive income (loss) for the year	-	-	(231,713)	(7,935,940)	(8,167,653)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of shares	591,268	-	-	-	591,268
Issue of options	3,301,527	-	-	-	3,301,527
Share based payments	-	3,131,433	-	-	3,131,433
Balance at 31 December 2021	32,864,049	6,443,623	45,856	(35,291,057)	4,062,471
	Issued capital US\$	Option reserve US\$	Foreign currency reserve US\$	Accumulated losses US\$	Total equity US\$
Balance at 1 January 2022	32,864,049	6,443,623	45,856	(35,291,057)	4,062,471
Loss after income tax expense for the year	-	-	-	(5,373,346)	(5,373,346)
Other comprehensive income (loss) for the year, net of tax	-	-	(68,515)	-	(68,515)
Total comprehensive income (loss) for the year	-	-	(68,515)	(5,373,346)	(5,441,861)
<i>Transactions with owners in their capacity as owners:</i>					
Exercise of options	854,442	-	-	-	854,442
Share based payments	-	280,363	-	-	280,363
Balance at 31 December 2022	33,718,491	6,723,986	(22,659)	(40,664,403)	(244,585)

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

Dotz Nano Limited
Preliminary Consolidated Statement of Cash Flows
For the year ended 31 December 2022



	Note	2022 US\$	2021 US\$
Cash flows from operating activities			
Receipts from customers		188,588	291,629
Payments to suppliers and employees		(5,015,945)	(4,348,322)
Interest received		31,965	7,355
Interest paid		(14,142)	(108,346)
		<u> </u>	<u> </u>
Net cash (used in) operating activities		<u>(4,809,534)</u>	<u>(4,157,684)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(2,000)	(165,861)
Proceeds from investments		15,000	29,274
Loans to related parties		(284,017)	-
		<u> </u>	<u> </u>
Net cash used in investing activities		<u>(271,017)</u>	<u>(136,587)</u>
Cash flows from financing activities			
Proceeds from issue of shares	4	-	591,268
Proceeds from exercise of options	4	854,442	3,088,234
Proceeds from issue of convertible notes	3	3,386,115	-
Proceeds from repayment of related party loan		218,227	-
Repayment of lease liabilities		(304,019)	(221,060)
Transaction costs relating to borrowings		(98,376)	-
		<u> </u>	<u> </u>
Net cash from financing activities		<u>4,056,389</u>	<u>3,458,442</u>
Net (decrease) in cash and cash equivalents		(1,024,162)	(835,829)
Cash and cash equivalents at the beginning of the financial year		4,137,046	5,259,087
Effects of exchange rate changes on cash and cash equivalents		(64,006)	(286,212)
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year		<u><u>3,048,878</u></u>	<u><u>4,137,046</u></u>

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

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.

Note 2. Loan to related parties

	2022	2021
	US\$	US\$
<i>Current assets</i>		
Loan to related party	<u>284,017</u>	<u>218,227</u>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	218,227	-
Loan advanced	284,017	217,834
Interest charged	4,902	393
Repayment received	<u>(223,129)</u>	<u>-</u>
Closing balance	<u>284,017</u>	<u>218,227</u>

On 10 December 2021 Company entered into a Loan Agreement of up to A\$300,000 (excluding interest) with Marzameno Ltd (Marzameno), related to Director Kerry Harpaz. The purpose of the loan was for funding the payment of the exercise of up to 1/3 of 10,000,000 Options (each with an exercise price of \$0.09 and exercisable on or before 11 December 2021). The loan was unsecured, accrued interest at 6% per annum and was payable on 31 March 2022. The loan and the accrued interest was repaid during the period ended 30 June 2022.

On 28 December 2022 Company entered into a Loan Agreement of up to A\$416,667 (excluding interest) with Southern Israel Bridging Fund LP (SIBF), related to Director Doron Eldar. The purpose of the loan was for funding the payment of the exercise of up to 4,629,630 Options each with an exercise price of \$0.09. The loan is unsecured, accrues 6% interest per annum and matures on 30 April 2023.

Note 3. Financial instrument

	2022	2021
	US\$	US\$
Convertible loan at amortised cost	2,612,463	-
Embedded derivative – financial liability at fair value through P&L	690,940	-

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\$5.15 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.

Note 3. Financial instrument (continued)

The key terms of the Funding Agreement are detailed below:

- On 23 September 2022, the Company received \$3,386,115 (AU\$5,150,000) (“Advance Payment”) in return for the Options and a credit amount worth \$3,714,864 (AU\$5,650,000) (“Advance Payment Credit”), which may be used to subscribe to shares during the term.
- On Advance Payment date, the Company paid a fee of \$98,625 (AU\$150,000) (“Commitment Fee”) to Lind and issued 5,500,000 ordinary fully paid shares (“Initial Shares”).
- On 23 September 2022, the Company also issued to Lind 7,118,644 options, with an exercise price of AU\$0.475 per share, expiring 48 months after the date of issue.
- The Placement Shares may be issued at two different prices, being:
 - AU\$0.45 per share (“Fixed Subscription Price”); or
 - 90% of the average of the five lowest daily VWAPs during the 20 days the Company's shares trade on the ASX prior to the date on which the price is to be determined, rounded down to the lowest 0.01 (“Variable Subscription Price”).
- Lind can subscribe for Placement Shares during the term at:
 - Until 28 February 2023, the Fixed Subscription Price;
 - From 1 March 2023 until 31 August 2023, the Fixed Subscription Price or the Variable Subscription Price, however Lind may only subscribe for shares at the Variable Subscription Price up to a maximum amount of \$197,249 (AU\$300,000) during this period; and
 - From 1 September 2023 until 31 August 2024; the lesser of the Fixed Subscription Price and the Variable Subscription Price.
- Unused Advance Payment Credit (initially \$3,714,864 (AU\$5,650,000)) will be depleted by the value of shares subscribed for by Lind during the term.
- The term is 24 months after the Advance Payment Date, subject to Lind's right to extend for 6 months.
- Following a subscription request by Lind, the Company has the right to pay an amount to Lind instead of issuing shares, with this amount being the number of shares applied for multiplied by the daily VWAP on the trading day immediately prior to the subscription request.
- The Company may elect to repay the entire Unused Advance Payment Credit at any time by providing notice to Lind. If the Company does so, Lind has the right to apply to subscribe to shares to the aggregate value of one-third of the Unused Advanced Payment Credit, at either the Fixed Subscription Price or the Variable Subscription Price.
- If any amount of the Advance Payment Credit is unused at the end of the Term, the Company will issue shares to Lind to the extent that no amount of the Advance Payment Credit remains unused.

Note 4. Issued capital

(a) Share Capital

	2022 Shares	2021 Shares	2022 US\$	2021 US\$
Ordinary shares - fully paid	458,878,964	434,184,704	33,718,490	32,864,049
			2022 US\$	2021 US\$
Opening balance at 1 January 2021			376,382,378	28,971,254
Shares issued on exercise of options			54,602,326	3,301,527
Shares issued under the Placement			3,200,000	591,268
Closing balance at 31 December 2021			434,184,704	32,864,049
			2022 US\$	2021 US\$
Opening balance at 1 January 2022			434,184,704	32,864,049
Shares issued on exercise of options			19,194,260	854,441
Shares issued to Lind Partners			5,500,000	-
Closing balance at 31 December 2022			458,878,964	33,718,490

Note 5. Reserves

(a) Reserves

	2022 US\$	2021 US\$
Foreign currency reserve	(22,658)	45,856
Options reserve	6,723,986	6,443,623
	6,701,328	6,489,479

(b) Options reserve

	No.	US\$
Opening balance at 1 January 2021	82,547,879	3,312,190
Options issued	14,535,000	2,054,958
Options exercised	(54,602,326)	-
Options cancelled	(6,086,293)	-
Vesting of options from prior periods	-	1,076,475
Closing balance at 31 December 2021	36,394,260	6,443,623
	No.	US\$
Opening balance at 1 January 2022	36,394,260	6,443,623
Options issued	13,931,144	531,537
Options exercised	(19,194,260)	-
Options cancelled	(3,000,000)	(159,960)
Reversal of exercise related to options	-	(91,214)
Closing balance at 31 December 2022	28,131,144	6,723,986

Note 5. Reserves (continued)

(c) Foreign currency translation reserve

	US\$	US\$
Opening balance	45,856	277,569
Difference arising on translation	(68,514)	(231,713)
Balance at the end of the year	<u>(22,658)</u>	<u>45,856</u>

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