

Dotz Nano Limited

ABN 71 125 264 575

Annual Report - 31 December 2022

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General information

The financial statements cover Dotz Nano Limited as a consolidated entity consisting of Dotz Nano Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in US dollars.

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

Level 14
330 Collins Street
Melbourne VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 March 2023. The directors have the power to amend and reissue the financial statements.

Directors	Mr Bernie Brookes AM Mr Doron Eldar Ms Kerry Harpaz
Company secretary	Mr Ian Pamensky
Registered office	Level 14 330 Collins Street Melbourne VIC 3000
Share register	Automic Registry Services Level 5, 126 Phillip Street SYDNEY NSW 2000
Auditor	BDO Audit (WA) Pty Ltd Level 9, Mia Yellagonga Tower 2 5 Spring Street PERTH WA 6000
Stock exchange listing	Dotz Nano Limited shares are listed on the Australian Securities Exchange (ASX code: DTZ)

Dear fellow shareholders,

2022 was a productive year for Dotz as we saw evidence of the tangible difference our technology makes for companies and our potential to scale. Through the year, we secured distributors and first purchase orders and made advances to commercialise our technology with industries with an established need for authentication and tracking and tracing.

A major achievement this year has been the agreement with a leading Oil & Gas company to advance trials of Dotz corrosion inhibitors on-site quantification kit within complex operational settings, taking the technology one step closer to full commercialisation in that sector. There is a growing demand within the crude oil and lubricants industry for solutions to address high rates of adulteration and counterfeiting that cause enormous loss throughout complex supply chains. Our authentication technology has significant competitive advantages to assist companies to combat the \$2.2 trillion market in lubricants counterfeiting market.

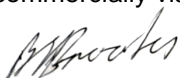
We collaborated with global biotech leader Orgenesis to examine possible ways to co-develop a new cell and gene therapy identification standards, a good demonstration of the innovation and versatility of our end-to-end authentication technology. Initial work with subsidiary Carmi Biotech Ltd has already developed a more effective and accurate tagging solution for Orgenis mobile units and labs.

This year was not without challenges. While we have received significant purchase orders and some payments for our rapid diagnostics test kits jurisdictions have evolved their responses to COVID-19 at a local level, demand for these products has significantly decreased while competition has become even more fierce. We are also experiencing delays on obtaining US FDA Emergency Use Authorisation due to reduced priority from COVID regulatory bodies. While we await this outcome, we continue to explore new applications for our virus detection technology.

To support Dotz's growth through its next phase, we welcomed Chief Operating Officer Zohar Birman who brings a wealth of strategic and hands-on management experience in start-ups and global multi-site companies. Two other recent significant appointments bringing significant commercialisation and product development expertise were Yair Poplawski as Chief Business Officer and Davidi Tulipman as Chief Product Officer. This month, the Company appointed Ms Liat Bar Ziv Alperovitz as the new Chief Financial Officer, following the departure of Mr Guy Khavia and the appointment of Mr Sharon Malka as the new Chief Executive Office, following the departure of Gideon Shmuel. We thank Mr Khavia and Mr Shmuel for their outstanding service.

On behalf of the Board, I'd like to thank the Dotz team for their hard work, passion and commitment to opening new markets for our technology and promoting Dotz as an industry-leader in marking and verification technology.

And lastly, thank you to our loyal shareholders. We will continue to build on the solid progress we made this year to build commercially viable partnerships, expand into new markets, and capitalise on the opportunities to deliver value.



Bernie Brookes AM
Chairman

Your Directors present their report, together with the financial statements of Dotz Nano Limited ("the Company") and controlled entities ("the Group") for the financial year ended 31 December 2022.

Directors

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

Name	Status	Appointed	Resigned
Mr Bernie Brookes AM	Non-Executive Chairman	15 January 2020	-
Mr Doron Eldar	Non-Executive Director	15 January 2020	-
Ms Kerry Harpaz	Non-Executive Director	2 September 2021	-
Mr Gideon Shmuel	CEO and Executive Director	2 September 2021	6 April 2022
Mr Ian Pamensky	Non-Executive Director	25 September 2020	11 August 2022
Mr Garry Browne AM	Non-Executive Director	19 May 2021	24 August 2022

Principal activities

The principal continuing activities of the Group during the year is developing, manufacturing and commercialising tagging, tracing, verification solutions and diagnostic activity.

Dividends

There were no dividends paid, recommended during the financial year ended 31 December 2022 (2021: Nil)

Financial review

Dotz Nano Limited had a loss for the year of \$5,373,346 (31 December 2021: \$7,935,940). This included a non-cash amount of (\$21,001) share-based payments (31 December 2021: \$3,131,433).

The Group was in net assets position from \$4,062,471 at 31 December 2021 to net liabilities of \$244,585 at 31 December 2022.

In September 2022 Dotz secured \$5,150,000 from New-York based Lind Partners, an institutional fund manager, to accelerate marketing and development of cell and gene therapy devices, treatments and processing systems as part of the Theracell Labs Project, scale up the commercialisation of Dotz solutions in the and Oil & Gas sector, and support further R&D. The funding also allows Dotz to develop commercial partnerships across authentication, bio-medical and bio-processing, which will underpin long-term growth in shareholder value.

As at 31 December 2022, the Group's cash and cash equivalents balance was \$3,048,878 (31 December 2021: \$4,137,046) and had working capital of \$2,604,909 (31 December 2021: \$3,568,141).

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

Review of operations

In 2022, Dotz continued to commercialise its end-to-end solutions within the authentication and diagnostic domains. The Company's significant activities in 2022 are outlined below.

Authentication

In April 2022, Dotz entered a co-development, supply and licensing collaboration agreement with Theracell Labs Ltd - a subsidiary of NASDAQ-listed global biotech Orgenesis Inc. In December, Dotz, entered into a service agreement with Greece -based company Axis medical as part of the first deliverables of the collaboration agreement with Theracell Labs for the design, planning, integration, and implementation of its tagging solution in the Orgenesis mobile processing units and labs (OMPULs).

During the year, Dotz conducted several product tests, pilots and field trials of Carbon and Graphene Quantum Dots (GQDs) with companies in the oil & gas, nutrients, and art security sectors. GQDs can be embedded directly into a range of materials within extreme conditions without affecting their structure. Following the success of the projects, Dotz is reasonably confident that some may result in future customer agreements.

In July 2022, Dotz was granted a new patent for bulk liquid tagging, identifying and authentication in the United States. The patent called uses a new approach to allow in-field, real-time and simple detection and quantification solution of materials and chemicals utilised in the oil & gas sector and other industries.

Following successful small-scale isolated pilots conducted at both Dotz and an Oil & Gas service provider's setting, Dotz received its first purchase order in December 2022 from a leading NASDAQ-listed oilfield technology and services company (with a market capitalisation of more than US\$5 billion) to expand in-field trials of a new technology to monitor corrosion inhibitors. The expanded trials enable companies to obtain reliable, valuable data in industrial settings within significantly reduced timeframes and operational costs and provide greater insights into how the technology can be applied more broadly within the oil & gas sector.

As a result of its successful trials, Dotz has identified high demand for its solutions within the crude oil and lubricants industries to address the high rates of adulteration and counterfeiting that cause enormous loss throughout complex supply chains.

Diagnosis

During the year, Dotz generated revenue from its COVID test kit sales through its distribution partners in Thailand, Malaysia, Paraguay, UAE, Egypt and The Sudan. However, with jurisdictions increasingly managing their responses to COVID-19 on a local level, sales remain intermittent.

Dotz Test Kits has the CE Mark, clearing the product for sale in the European Union for both the distribution and/or use of its Dotz Test Kits in respect of both nasopharyngeal swab and saliva samples. The application to obtain US FDA Emergency Use Authorisation is ongoing due to a reduced priority from COVID regulatory bodies.

Dotz continues to explore possible new applications for its virus detection technology with other viral infections where nasopharyngeal swab and saliva test kits would assist in the coordinated management of those conditions.

Leadership

In May 2022, appointed Mr Zohar Birman as Chief Operating Officer. Mr Birman has more than 20 years of strategic and hands-on management experience in start-ups and global multi-sites companies. His managerial experience in operations and supply chain management has demonstrated a proven record of team building, M&A, and post-merge integration in a changing global environment.

In March 2023, the Company appointed Mr Sharon Malka as Chief Executive Officer, following the resignation of Mr Gideon Shmuel last year.

In early 2023 three other significant appointments were made that boost the commercialisation and product development capability of the company. Yair Poplawski was appointed Chief Business Officer, Davidi Tulipman was hired as Chief Product Officer in August 2022 and Ms Liat Bar Ziv Alperovitz was appointed as the new Chief Financial Officer, following the departure of Mr Guy Khavia in March 2023.

Material Business Risks

The key risk factors affecting the Company are set out below. The occurrence of any of the risk below could adversely impact the Company's operating or financial performance.

Company's current operations risks

(a) Development and commercialisation of the technology

The Company is in the business of development and commercialisation of anti-counterfeiting, authentication and tracing solutions, as well as other applications of its expertise in the advanced materials industry, such as in respect of the Dotz Test Kit.

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

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

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

The global marketplace for most products is ever changing due to new technologies, new products, changes in preferences, changes in regulation and other factors influencing market acceptance or market rejection. This market volatility and risk exists despite the best endeavours of market research, promotion, and sales and licensing campaigns. There is a risk that if the Company's technology is not accepted by the market or its products are not utilised in the Company's proposed markets or continuing to be utilised in the existing markets that currently use the technology, the Company will not be able to commercialise its products which could adversely impact the Company's operations.

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

(b) Competition and new technologies

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

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

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

(c) **Staff risk**

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

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

(d) **Outsourcing**

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

(e) **Licensing and regulatory risks**

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

(f) **Protection of intellectual property rights**

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

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

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

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

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

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

(g) Currency risk

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

(h) Contractual risk

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

General risks relating to the Company

(i) Additional requirements for capital

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

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

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

(j) Reliance on key management

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

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

(k) Trading price of Shares

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

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

(l) Litigation risks

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

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

(m) Economic risks

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

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

(n) Force majeure

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

(o) Acquisitions and business developments

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

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

(p) Infectious disease pandemics

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

(q) Cyber risks and security breaches

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

Significant changes in the state of affairs

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

Significant events after the reporting period

On 1 March 2023, the Company announced the appointment of Ms Liat Bar Ziv Alperovitz as the new Chief Financial Officer, following the departure of Mr Guy Khavia.

On 23 March 2023, the Company announced the appointment of Mr Sharon Malka as the new Chief Executive Office, following the resignation of Mr Gideon Shmuel and an extended search.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Information on directors

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

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

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

Other current directorships: Nil
Former directorships (last 3 years): Funtastic Limited (resigned 26 November 2020)
Special responsibilities: Nil
Interests in shares: 2,665,000 Ordinary Shares
Interests in options: 500,000 unlisted options with exercise price of AU\$0.20 and expiry date of 31 December 2023

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

Other current directorships: Nil
Former directorships (last 3 years): Nil
Special responsibilities: Nil
Interests in shares: 1,965,371 Ordinary Shares
Interests in options: 500,000 unlisted options with exercise price of AU\$0.20 and expiry date of 31 December 2023

Name: Ms Kerry Harpaz
Title: Non-Executive Director
Qualifications: LL.B - College of Management Academic Studies, Israel
 Practical Legal Training- The Collage Of law, Sydney, Australia
 Mind, Brain and Behaviour 1 – Psychology Course – Melbourne University, Australia
 Sustainability and Corporate Responsibility – Macquarie University, Australia
 Positive Psychology – Tel Aviv University, Israel
Experience: Mrs Harpaz, LLB, has more than 17 years of experience in senior management and leadership with speciality in building large teams with a focus on coaching and mentoring to build successful cultures.
Other current directorships: Nil
Former directorships (last 3 years): Nil
Special responsibilities: Nil
Interests in shares: 26,902,690 Ordinary Shares

Name: Mr Gideon Shmuel (resigned 6 April 2022)
Title: CEO and Executive Director
Qualifications: MA, Marketing Management, 1995 - 1996
 BA, Business Studies, 1992 - 1995
Experience: Mr Shmuel is a highly-experienced CEO and senior executive with strong sales, business development and marketing expertise. He has extensive experience scaling innovative tech companies globally, and is the previous CEO of AI computer vision company Cipia and aerospace digital e-commerce platform ePlane. More recently, Mr Shmuel is a venture partner at London-based venture capital firm Downing Ventures.
Other current directorships: Nil
Former directorships (last 3 years): Nil
Special responsibilities: Nil
Interests in shares: 265,000 Ordinary Shares

Name: Mr Garry Browne AM (resigned 24 August 2022)
Title: Non- Executive Director
Qualifications: University of Technology Sydney - Bachelor of Business
 Harvard Business School - OPM
Experience: Mr Browne has more than 40 years' senior management and Board experience across government, not-for-profit and corporate entities, including as the former CEO and current Chair of FMCG company Stuart Alexander & Co. Mr Browne is on the Board of the Australian War Memorial ANZAC Foundation and the UNSW International House Residential College.
Other current directorships: Nil
Former directorships (last 3 years): Nil
Special responsibilities: Nil
Interests in shares: 288,550 Ordinary Shares*
*includes 28,550 shares held by his son.

Name: Mr Ian Pamensky (resigned 11 August 2022)
Title: Non-Executive Director
Qualifications: B.Com, BAccS (Hons), CA
Experience: Mr. Pamensky has over 25 years' experience in the finance and secretarial sector for both SME and ASX-listed entities. Since 1997, Mr Pamensky has held various roles with ASX-listed companies.
Other current directorships: Nil
Former directorships (last 3 years): Nil
Special responsibilities: Nil
Interests in shares: 705,000 Ordinary Shares
Interests in options: 250,000 unlisted options with exercise price of AU\$0.20 and expiry date of 31 December 2023

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

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

Company secretary
Mr Ian Pamensky

Meetings of directors

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

Name	Appointed	Resigned	DIRECTORS' MEETING Number eligible to attend	DIRECTORS' MEETING Number attended
Mr Bernie Brookes AM	15 January 2020	-	11	11
Mr Doron Eldar	15 January 2020	-	11	11
Ms Kerry Harpaz	2 September 2021	-	11	10
Mr Gideon Shmuel	2 September 2021	6 April 2022	2	1
Mr Garry Browne AM	19 May 2021	24 August 2022	7	7
Mr Ian Pamensky	25 September 2020	11 August 2022	6	6

Unissued shares under options

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

Expiry Date	Grant Date	Exercise Price	Number Under Option
19 October 2023	19 October 2020	AU\$0.380	5,000,000
31 December 2023	30 July 2020	AU\$0.200	2,450,000
31 December 2023	29 July 2021	AU\$0.200	1,250,000
25 November 2023	25 August 2021	AU\$0.250	4,000,000
4 August 2023	3 August 2021	AU\$0.230	1,500,000
10 July 2024	10 July 2021	AU\$0.200	250,000
14 September 2026	23 September 2022	AU\$0.475	7,118,644
31 May 2027	30 September 2022	AU\$0.400	1,700,000
31 May 2027	30 September 2022	AU\$0.500	1,700,000
31 May 2027	30 September 2022	AU\$0.330	2,162,500
1 March 2027	13 March 2023	AU\$0.500	565,000
1 March 2027	13 March 2023	AU\$0.400	565,000
1 March 2027	13 March 2023	AU\$0.330	565,000
20 March 2028	20 March 2023	AU\$0.298	2,000,000
20 March 2028	20 March 2023	AU\$0.367	2,000,000
20 March 2028	20 March 2023	AU\$0.436	2,000,000
20 March 2028	20 March 2023	AU\$0.505	2,000,000
20 March 2029	20 March 2023	AU\$0.573	1,375,000
Total			38,201,144

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

Shares issued on the exercise of options

There were 19,194,260 ordinary shares of Dotz Nano Limited issued on the exercise of options during the year ended 31 December 2022 and up to the date of this report. A total of \$570,425 was paid during the year on the exercise of options and an amount \$284,017 remains unpaid.

Performance Shares

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

Proceedings on behalf of the company

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

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

Indemnifying officers

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

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

Insurance premiums

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

Environmental regulation

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

Future Developments, Prospects and Business Strategies

The Company's principal continuing activity is the development and commercialisation of technologies in the advanced materials industry, multiple applications, including biomedical, in-product authentication, tracing, lighting and sensors-specifically using graphene quantum dots (GQDs). The Company's future developments, prospects and business strategies are to continue to develop and commercialise these technologies.

Indemnification of auditors

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

Non-audit services

During the year, BDO Audit (WA) Pty Ltd, the Company's auditor did not provide any services other than their statutory audits. Other BDO firms and divisions provided tax services to the Group. Details of their remuneration can be found within the financial statements at Note 9 Auditor's Remuneration.

In the event that non-audit services are provided by BDO Audit (WA) Pty Ltd, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the *Corporations Act 2001*. These procedures include:

- non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Auditor's independence declaration

The auditor's independence declaration for the year ended 31 December 2022 has been received and can be found on page 18 of the financial report.

Remuneration report (audited)

This remuneration report for the year ended 31 December 2022 outlines the remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* (Cth), as amended (**Act**) and its regulations. This information has been audited as required by section 308(3C) of the Act.

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

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

1. Introduction

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

Key management personnel covered in this report are as follows:

Name	Status	Appointed	Resigned
Bernie Brookes AM	Non-Executive Chairman	15 January 2020	-
Doron Eldar	Non-Executive Director	15 January 2020	-
Kerry Harpaz	Non-Executive Director	2 September 2021	-
Gideon Shmuel	CEO & Executive Director	2 September 2021	6 April 2022
Ian Pamensky	Non-Executive Director	2 September 2021	11 August 2022
Garry Browne AM	Non-Executive Director	19 May 2021	24 August 2022
Michael Shtein	Chief Technology Officer	1 August 2015	-
Guy Khavia	Chief Financial Officer	17 March 2022	Chief Financial Officer until 26 March 2023 and employed until 26 June 2023
Tomer Segev	Chief Financial Officer	1 January 2019	Chief Financial Officer until 17 March 2022 and employed to 31 March 2022

2. Remuneration governance

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

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

3. Executive remuneration arrangements

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

During the year ended 31 December 2022 the Company had four appointed executives, being Dr Michael Shtein as the Chief Technology Officer and Mr Guy Khavia as the Chief Financial Officer, Mr Gideon Shmuel as CEO and Executive Director (resigned 6 April 2022) Mr Tomer Segev as the Chief Financial Officer (resigned on 17 March 2022). The terms of their Executive Employment Agreements with Dotz Nano Limited are summarised in the following table.

Dr Michael Shtein

- Executive compensation of US\$15,000 per month for 75% position, plus company leased car;
- Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies; and
- This agreement may be terminated by either party with 30 days' notice from Dr Michael Shtein and 3 months' notice from the Company.

Mr Guy Khavia

- Executive gross salary is set at NIS45,000 plus NIS3,500 per month to cover transportation.
- Entitled to an annual bonus of up to 20% of his salary, according to the Company's sole discretion.
- The agreement may be terminated by either party at any time, by giving the other party 60 days advance notice.

Mr Gideon Shmuel

- Executive gross salary of ILS 66,400 (~US\$21,350)* and car expenses of ILS 3,500 (~US\$1,125) per month. In addition, employee is entitled to full social benefits (Pension fund, study fund and disability insurance)
- Annual bonus of up to 30% subject to performance against the KPI's
- Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies; and
- This agreement may be terminated by either party on 6 months' notice.
- Long term incentives: 500,000 unlisted options with an exercise price of zero and expiry date of 29 March 2024; 2,000,000 unlisted options with an exercise price of AU41.25 cents and expiry date of 29 March 2023; 2,500,000 unlisted options with an exercise price of AU48.12 cents and expiry date of 29 March 2024; and 2,500,000 unlisted options with an exercise price of AU55 cents and expiry date of 29 March 2025

The options were subject to shareholder approval which was not granted.

Mr Tomer Segev

- Executive gross salary of ILS 38,000 for 75% position (~US\$12,218) per month. In addition, employee is entitled to full social benefits (Pension fund, study fund and disability insurance) plus Company leased car from 1 December 2019;
- Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies; and
- This agreement may be terminated by either party on 3 months' notice.

In addition to the above appointed executives Mr Doron Eldar is as a director in Dotz Nano Ltd in Israel. His remuneration for this role is included in the fees received for his role as Director of Dotz Nano Limited.

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

Performance Conditions Linked to Remuneration

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

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

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

The purpose of the Plan is to assist in the reward and motivation of Eligible Participants and link the reward of Eligible Participants to performance and the creation of Shareholder value. It is designed to align the interest of Eligible Participants more closely to the interests of Shareholders by providing an opportunity for Eligible Participants to receive shares. It provides the Eligible Participants with the opportunity to share in any future growth in value of the Company and provides greater incentives for Eligible Participants to focus on the Company's longer-term goals. During the year ended 31 December 2022 a total of 5,562,500 options have been issued under this plan, out of which 1,817,500 were issued to KMP(31 December 2021: 5,035,000 options).

Group Performance

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

Financial year	2022	2021	2020	2019	2018
Loss for the year	5,373,346	7,935,940	3,968,996	3,746,564	5,736,672
Loss per share (cents)	1.21	1.98	1.24	1.72	3.59
Share price	0.30	0.46	0.24	0.062	0.083

4. Non-executive Director fee arrangement

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

The maximum aggregate amount of fees that can be paid to Non-executive Directors is presently limited to an aggregate of AU\$500,000 per annum and any change is subject to approval by shareholders at the General Meeting. Fees for Non-executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company. Total fees for the Non-Executive Directors for the financial year were \$467,213 (31 December 2021: \$357,586) and cover Board activities and interim management of the business operations since departure of former CEO. Non-executive Directors may receive additional remuneration for other services provided to the Group.

5. Details of remuneration

31 December 2022	Short Term Salary, Fees & Commissions	Post- Employment Superannuation	Other	Share-based Payments ⁵	Total	Performance based remuneratio n
	US\$	US\$	US\$	US\$	US\$	%
Directors:						
Bernie Brookes	150,087	-	-	80,325	230,412	-
Doron Eldar	104,227	-	-	80,325	184,552	-
Kerry Harpaz	78,865	-	-	-	78,865	-
Gideon Shmuel ¹	250,767	-	1,673	(271,630)	(19,190)	-
Ian Pamensky ²	10,221	-	-	40,163	50,384	-
Garry Browne ³	123,812	-	-	-	123,812	-
Key management:						
Michael Shtein	200,642	-	-	25,146	225,788	-
Guy Khavia ⁴	170,824	-	2,091	37,590	210,505	-
Tomer Segev ⁴	75,453	-	4,013	(41,906)	37,560	-
	<u>1,164,898</u>	<u>-</u>	<u>7,777</u>	<u>(49,987)</u>	<u>1,122,688</u>	

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

¹ Resigned on 6 April 2022.

² Resigned on 11 August 2022

³ Resigned on 24 August 2022

⁴ Mr Guy Khavia appointed as CFO and Mr Tomer Segev resigned as CFO on 17 March 2022.

⁵ Share-based payment expense is recorded pro-rata over the vesting period. Refer to Section 6 Additional disclosures relating to equity instruments for further information. For Mr Gideon Shmuel and Mr Tomer Segev amount include reversals of previously recognised expenses which lapsed.

31 December 2021	Short Term Salary, Fees & Commissions	Post- Employment Superannuation	Other*	Share-based payments ⁴	Total	Performance based remuneration
	US\$	US\$	US\$	US\$	US\$	%
Directors:						
Bernie Brookes	162,266	-	-	312,996	475,262	-
Doron Eldar	112,685	-	-	312,996	425,681	-
Ian Pamensky	18,030	-	-	153,189	171,219	-
Gideon Shmuel ¹	240,819	-	6,438	388,755	636,012	-
James Cotton ²	17,206	-	-	-	17,206	-
Garry Browne ²	27,867	-	-	-	27,867	-
Kerry Harpaz ³	19,532	-	-	-	19,532	-
Key management:						
Michael Shtein	203,286	-	-	244,347	447,633	-
Tomer Segev	199,852	-	19,399	177,654	396,905	-
Total	1,001,543	-	25,837	1,589,937	2,617,317	

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

¹ Appointed as CEO and Executive Director on 2 September 2021. The total salary and other includes \$135,211 and \$3,886 relating to services prior to appointment as CEO and Executive Director of the Company.

² Mr James Cotton resigned on 19 May 2021 and Mr Garry Browne was appointed on 19 May 2021.

³ Ms Kerry Harpaz appointed on 2 September 2021 as non-executive director.

⁴ Share-based payment expense is recorded pro-rata over the vesting period. Refer to Section 6 Additional disclosures relating to equity instruments for further information.

6. Additional disclosures relating to key management personnel

KMP shareholdings

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

	Balance at the start of the year	Granted as Remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
	No.	No.	No.	No.	No.
Directors:					
Bernie Brookes	1,225,000	-	1,440,000 ³	-	2,665,000
Doron Eldar	370,371	-	1,440,000 ³	155,000	1,965,371
Kerry Harpaz	27,352,894	-	-	(450,204)	26,902,690
Gideon Shmuel ¹	-	-	500,000 ²	(500,000)	-
Ian Pamensky ¹	-	-	705,000 ⁴	-	705,000
Garry Browne ¹	288,550	-	-	-	288,550
Key Management:					
Michael Shtein	7,146,201	-	1,000,000 ²	-	8,146,201
Guy Khavia	-	-	-	-	-
Tomer Segev ¹	2,000,000	-	1,000,000 ²	-	3,000,000
Total	38,383,016	-	6,085,000	(795,204)	43,672,812

¹ Balance at date of resignation

² Share issued at \$nil exercise price

³ Shares issued at following exercise price: 440,000 each at A\$0.07, 500,000 each at A\$0.12 and 500,000 each at A\$0.12

⁴ Shares issued at following exercise price: 205,000 at A\$0.07, 250,000 at A\$0.12 and 250,000 at A\$0.12

Options awarded, vested and lapsed during the year

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

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

KMP Option holding

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

31 December 2022	Balance at the start of the year	Granted as remuneration	Exercised	Other changes	Balance at the end of the year	Vested and exercisable	Unvested and unexercisable
	No.	No.	No.	No.	No.	No.	No.
Directors:							
Bernie Brookes	1,940,000	-	(1,440,000)	-	500,000	500,000	-
Doron Eldar	1,940,000	-	(1,440,000)	-	500,000	500,000	-
Kerry Harpaz	-	-	-	-	-	-	-
Gideon Shmuel	-	500,000	(500,000)	-	-	-	-
Ian Pamensky ²	955,000	-	(705,000)	-	250,000	250,000	-
Garry Browne ²	-	-	-	-	-	-	-
Key Management:							
Michael Shtein	2,000,000	-	(1,000,000)	-	1,000,000	1,000,000	-
Guy Khavia	-	1,817,500	-	-	1,817,500	-	1,817,500
Tomer Segev ²	2,000,000	-	(1,000,000)	(1,000,000)	-	-	-
	<u>8,835,000</u>	<u>2,317,500</u>	<u>(6,085,000)</u>	<u>(1,000,000)</u>	<u>4,067,500</u>	<u>2,250,000</u>	<u>1,817,500</u>

² Balance at date of resignation.

The following options were granted and issued to KMP during the year ended 31 December 2022:

- (1) The issue of 250,000 options with exercise price of A\$Nil and expiry date of 31 May 2025 to the Former CEO Mr Gideon Shmuel. The options were issued on 31 May 2022 and vest immediately. During the year ended 31 December 2022 a total of \$58,562 was recognised as an expense.
- (2) The issue of 250,000 options with exercise price of A\$Nil and expiry date of 30 September 2025 to the Former CEO Mr Gideon Shmuel. The options were issued on 31 May 2022 and vest on 30 September 2022, the day Mr Shmuel ceases employment with the Company. During the year ended 31 December 2022 a total of \$58,562 vested and was recognised as an expense.
- (3) The issue of 687,500 options (Tranche 1) under the Employee Share Option Plan with exercise price of AU\$0.33 and expiry date of 31 May 2027 to Mr Guy Khavia. The options were issued on 30 September 2022 and vest on 1 June 2023 provided that the employee of the Company at all times during the period from the date of issue and ending on the vesting date. During the year ended 31 December 2022 a total of \$25,387 was recognised as an expense.
- (4) The issue of 565,000 options (Tranche 2) under the Employee Share Option Plan with exercise price of AU\$0.40 and expiry date of 31 May 2027 to Mr Guy Khavia. The options were issued on 30 September 2022 and vest on 1 June 2024 provided that the employee of the Company at all times during the period from the date of issue and ending on the vesting date. During the year ended 31 December 2022 a total of \$7,779 was recognised as an expense.
- (5) The issue of 565,000 options (Tranche 3) under the Employee Share Option Plan with exercise price of AU\$0.50 and expiry date of 31 May 2027 to Mr Guy Khavia. The options were issued on 30 September 2022 and vest on 1 June 2025 provided that the employee of the Company at all times during the period from the date of issue and ending on the vesting date. During the year ended 31 December 2022 a total of \$4,425 was recognised as an expense.

Terms and conditions of the share-based payment arrangements

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

Grant Date	Expiry Date	Spot Price (AU\$)	Exercise Price (AU\$)	Expected Volatility	Risk Free Rate	Fair Value at	
						grant date (AU\$)	grant date (US\$)
31/05/2022	31/05/2025	0.350	-	N/A	-	87,500	62,826
31/05/2022	30/09/2025	0.350	-	N/A	-	87,500	62,826
30/09/2022	31/05/2027	0.255	0.330	75%	3.86%	99,266	63,996
30/09/2022	31/05/2027	0.255	0.400	75%	3.86%	75,668	48,782
30/09/2022	31/05/2027	0.255	0.500	75%	3.86%	68,515	44,300

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

On 10 December 2021 Company entered into a Loan Agreement of up to A\$300,000 (excluding interest) with Marzamemo Ltd (Marzamemo), 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 AU\$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 on 10 June 2022.

	2022	2021
Balance at the start of year	218,227	-
Loan advanced	-	218,227
Interest paid and payable from Marzamemo for the year	4,902	394
Repayment received	(223,129)	-
Balance at the end of the year	-	218,227
Highest indebtedness during the year	223,129	218,227

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 AU\$0.09. The loan is unsecured, accrues 6% interest per annum and matures on 30 April 2023.

	2022	2021
Balance at the start of year	-	-
Loan advanced	284,017	-
Interest paid and payable from SIBF for the year	187	-
Repayment received	-	-
Balance at the end of the year	284,204	-
Highest indebtedness during the year	284,204	-

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

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

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

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

Entity	Nature of transactions	Key Management Personnel	Total Transactions		Payable Balance	Payable Balance
			2022 US\$	2021 US\$	2022 US\$	2021 US\$
CFO 2 Grow	Company secretarial services	Ian Pamensky	50,029	54,089	4,090	4,624
Oxen 9 Ltd	Advisory services	Doron Eldar	67,183	72,377	-	-

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

At the AGM held on 31 May 2022, 99.87% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2021. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

This concludes the remuneration report, which has been audited.

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

On behalf of the directors



Bernie Brookes AM
 Chairman

23 March 2023

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

As lead auditor of Dotz Nano Limited for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

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

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



Ashleigh Woodley

Director

BDO Audit (WA) Pty Ltd

Perth

23 March 2023

Dotz Nano Limited
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	4	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	5	(1,266,705)	(1,519,442)
General, administrative, selling and marketing expenses	6	(3,683,816)	(3,357,675)
Share based compensation	22	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	7	<u>-</u>	<u>-</u>
Loss after income tax expense for the year attributable to the owners of Dotz Nano Limited		(5,373,346)	(7,935,940)
Other comprehensive income loss			
<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 for the year attributable to the owners of Dotz Nano Limited		<u><u>(5,441,861)</u></u>	<u><u>(8,167,653)</u></u>
		Cents	Cents
Basic loss per share	10	(1.21)	(1.98)
Diluted loss per share	10	(1.21)	(1.98)

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

Dotz Nano Limited
Consolidated statement of financial position
As at 31 December 2022



	Note	2022 US\$	2021 US\$
Assets			
Current assets			
Cash and cash equivalents	11	3,048,878	4,137,046
Trade and other receivables		34,321	78,589
Loans to related parties	13	284,017	218,227
Inventory		7,543	47,743
Other assets	16	747,598	73,013
Total current assets		<u>4,122,357</u>	<u>4,554,618</u>
Non-current assets			
Plant and equipment	14	189,296	235,380
Right-of-use assets	15	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	17	1,202,875	575,941
Lease liabilities	15	276,560	321,930
Provisions		38,013	88,606
Total current liabilities		<u>1,517,448</u>	<u>986,477</u>
Non-current liabilities			
Lease liabilities	15	-	281,791
Financial liability	18	2,612,463	-
Derivative financial instrument	19	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 (liabilities)/assets		<u>(244,585)</u>	<u>4,062,471</u>
Equity			
Issued capital	20	33,718,491	32,864,049
Reserves	21	6,701,327	6,489,479
Accumulated losses		(40,664,403)	(35,291,057)
Total (deficiency)/equity		<u>(244,585)</u>	<u>4,062,471</u>

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

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



	Issued Capital	Options Reserve	Foreign Currency reserve	Accumulated losses	Total in equity
	US\$	US\$	US\$	US\$	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 (note 20)	591,268	-	-	-	591,268
Exercise of options (note 20)	3,301,527	-	-	-	3,301,527
Share based payments (note 22)	-	3,131,433	-	-	3,131,433
Balance at 31 December 2021	<u>32,864,049</u>	<u>6,443,623</u>	<u>45,856</u>	<u>(35,291,057)</u>	<u>4,062,471</u>
	Issued Capital	Options Reserve	Foreign Currency Reserve	Accumulated losses	Total in equity
	US\$	US\$	US\$	US\$	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 (note 20)	854,442	-	-	-	854,442
Options issued to Lind (note 18)	-	301,363	-	-	301,363
Share-based payments (note 22)	-	(21,001)	-	-	(21,001)
Balance at 31 December 2022	<u>33,718,491</u>	<u>6,723,986</u>	<u>(22,659)</u>	<u>(40,664,403)</u>	<u>(244,585)</u>

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

Dotz Nano Limited
Consolidated statement of cash flows
For the year ended 31 December 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		<u>(14,142)</u>	<u>(108,346)</u>
Net cash used in operating activities	12	<u>(4,809,534)</u>	<u>(4,157,684)</u>
Cash flows from investing activities			
Payments for plant and equipment		(2,000)	(165,861)
Proceeds from disposal of investments		15,000	29,274
Loans to related parties		<u>(284,017)</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	20	-	591,268
Proceeds from exercise of options	20	854,441	3,088,234
Proceeds from issue of funding arrangement	18	3,386,115	-
Proceeds from repayment of related party loan	13	218,227	-
Repayment of lease liabilities		(304,019)	(221,060)
Transaction costs relating to borrowings		<u>(98,375)</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		<u>(64,006)</u>	<u>(286,212)</u>
Cash and cash equivalents at the end of the financial year	11	<u><u>3,048,878</u></u>	<u><u>4,137,046</u></u>

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

Note 1. Reporting entity

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

The financial statements were issued by the board of directors of the Company on 23 March 2023.

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

Note 2. Significant accounting policies

Statement of Compliance

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

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

Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group incurred a loss for year ended 31 December 2022 of US\$5,373,346 (31 December 2021: US\$7,935,940) and net cash outflows from operating activities of US\$4,809,534 (31 December 2021: US\$4,157,684). The ability of the Group to continue as a going concern is dependent on successfully raising further debt and/or equity.

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

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

- The Directors of Dotz Nano Limited have assessed the likely cash flow for the 12 month period from the date of signing this financial report and its impact on the Group and believe there will be sufficient funds to meet the Group's working capital requirements as at the date of this report.
- The Group has the ability to reduce its expenditure to conserve cash.
- The Group has historically demonstrated its ability to raise funds to satisfy its immediate cash requirements.
- The Directors of Dotz Nano also have reason to believe that in addition to the cash flow currently available, additional funds from receipts are expected through the commercialisation of the Group's products.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements or raise additional capital through equity or debts raisings and that the 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 2. Significant accounting policies

Adoption of new and amended accounting standards

The Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2022. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Group accounting policies. No retrospective change in accounting policy of material reclassification has occurred during the year.

Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (**OCI**) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investments retained
- Recognises any surplus or deficit in profit or loss

Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Other income

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Note 2. Significant accounting policies (continued)

Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses, and assets are recognised net of the amount of GST or VAT, except where the amount of GST or VAT incurred is not recoverable from the Australian Tax Office (**ATO**) and Israel Tax Authority (**ITA**).

Receivable and payables are stated inclusive of the amount of GST or VAT receivable or payable. The net amount of the GST or VAT recoverable from, or payable to, the ATO or ITA is included with other receivables and payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST or VAT component of investing and financing activities, which are disclosed as operating cash flows.

Finance costs

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

Foreign currency transactions and balances

Functional and presentation currency

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

Transaction and balances

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

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

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

Group companies

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

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

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

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

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

Revenue from contract with customer

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Identifying performance obligations

The Group provides marking units, being the marker technology implemented as a sticker or by embedding into a material; to include an encrypted QR code and Carbon Dots based marker with detection capability all aimed for personal protective equipment. The obligation is satisfied at a point in time which is the date of delivery of the product.

Determining amount to be recognised over time

Where contracts include multiple deliverables that are separate performance obligations, judgement is required in determining the allocation of the transaction price to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin.

Share based payments

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

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

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

Bird Grant Liability

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

Lease term and discount rate used

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

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

Financial liability

Included in Note 18 is a financial liability in relation to share subscription arrangements. There are significant estimates and judgements involved in determining the fair value of the various components of the hybrid instrument.

Note 4. Revenue from contracts with customers

	2022 US\$	2021 US\$
Revenue recognised at a point of time:		
- Revenue from contract with customers	191,900	304,595

Note 4. Revenue from contracts with customers (continued)

Accounting policy for revenue from contracts with customers

Revenue from contracts with customers

The Group provides anti-counterfeiting and brand-protection solution to various customers as agreed per terms agreed in individual contracts.

The revenue associated with anti-counterfeiting and brand-protection solution is recognised in accordance with AASB 15, that is in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group is expected to be entitled in exchange for those goods or services. Revenue from customer contracts is recognised upon satisfaction of a performance obligation under those contracts either over time or a point in time when control passes the customer under those contracts.

The Group has no material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Contract assets and liabilities

AASB 15 uses the terms "contract asset" and "contract liability" to describe what is commonly known as "accrued revenue" and "deferred revenue." Deferred revenue arises where payment is received prior to work being performed and is allocated to the performance obligations within the contract and recognised on satisfaction of the performance obligation.

Contract fulfilment costs

Costs generally incurred prior to the commencement of a contract may arise due to setup costs as these costs are incurred to fulfil a contract. Where the costs are expected to be recovered, they are capitalised and expensed over the period of revenue recognition. Where the costs, or a portion of these costs, are reimbursed by the customer, the amount received is recognised as deferred revenue.

In the year ended 31 December 2022, the group incurred costs of \$686,142 in respect of existing contracts. The costs relate directly to the contract, generate resources that will be used in satisfying the contract and are expected to be recovered. They were therefore recognised as an asset from costs to fulfil a contract. The asset is amortised on a straight line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue.

Note 5. Research and development expenses

	2022	2021
	US\$	US\$
Wages and benefits	728,462	561,389
Consulting fees	335,662	597,344
Lab expenses	129,918	167,394
Other R&D expenses	7,825	53,111
Fair value change in grant liability	64,838	140,204
	<hr/>	<hr/>
Total	<u>1,266,705</u>	<u>1,519,442</u>

Accounting policy research and development expenses

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred.

Note 6. General, administrative, selling and marketing expenses

	2022	2021
	US\$	US\$
Wages and benefits	960,598	683,436
Consulting fees	305,891	529,541
Sales and marketing expenses	919,916	475,699
Director fees	467,213	357,131
Other expenses	1,030,198	1,311,868
	<u>3,683,816</u>	<u>3,357,675</u>
Total	<u><u>3,683,816</u></u>	<u><u>3,357,675</u></u>

Accounting policy for operating expenses

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

Note 7. Income tax

The financial accounts for the year ended 31 December 2022 comprise the results of Dotz Nano Limited ("Dotz Australia") and Dotz Nano Ltd ("Dotz Israel"). The legal parent is incorporated and domiciled in Australia where the applicable tax rate is 25% (2021: 27.5%). The applicable tax rate in Israel is 23% (2021: 23%).

	2022	2021
	US\$	US\$
(a) Income tax expense	-	-
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
(b) The prima facie tax payable on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Income tax expense/(benefit) on operating loss at 25% (2021: 27.5%)	(1,343,336)	(2,182,384)
Non-deductible items	-	-
Non-deductible expenditure	118,984	918,374
Adjustment for difference in tax rates	(55,175)	93,867
Temporary differences not recognised	1,279,527	1,170,143
Income tax attributable to operating income/(loss)	<u>-</u>	<u>-</u>
Deferred tax assets	-	-
Tax losses	1,300,477	1,056,420
Black hole expenditure	36,496	70,391
Unrecognised deferred tax asset	<u>1,336,973</u>	<u>1,126,811</u>
Set-off deferred tax liabilities	<u>-</u>	<u>-</u>
Less deferred tax assets not recognised	<u>(1,336,973)</u>	<u>(1,126,811)</u>
Net assets	<u><u>-</u></u>	<u><u>-</u></u>
Deferred tax liabilities	-	-
Set-off deferred tax assets	-	-
Net deferred tax liabilities	<u>-</u>	<u>-</u>
Tax losses	-	-
Unused tax losses for which no deferred tax asset has been recognised	<u>6,841,599</u>	<u>6,126,939</u>

Note 7. Income tax (continued)

Carry forward losses

Potential future income tax benefits attributable to tax losses carried forward have not been brought to account at 31 December 2022, because the Directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable.

Accounting policy for income tax

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

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

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

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

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

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

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

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

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

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

Note 8. Related party transactions

Subsidiaries

Interests in subsidiaries are set out in note 28.

a) Key management personnel compensation

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

Note 8. Related party transactions (continued)

	2022 US\$	2021 US\$
Short-term salary, fees and commissions	1,164,898	1,001,543
Other	7,777	25,837
Share based payments (Refer Note 22)	380,674	1,589,937
	<u>1,553,349</u>	<u>2,617,317</u>
Total KMP Compensation	<u>1,553,349</u>	<u>2,617,317</u>

b) Other related party transactions

Details of other related party transactions is provided in remuneration report and summarised below:

Entity	Nature of transactions	Key Management Personnel	Total Transactions		Payable Balance	
			2022 US\$	2021 US\$	2022 US\$	2021 US\$
CFO 2 Grow	Company secretarial services	Ian Pamensky	50,029	54,089	4,090	4,624
Oxen 9 Ltd	Advisory services	Doron Eldar	67,183	72,377	-	-

c) Loans to related parties

As disclosed in note 13, the Company provided loans to entities related to directors Kerry Harpaz and Doron Eldar.

Note 9. Auditor's remuneration

	2022 US\$	2021 US\$
Remuneration of the auditor of the Group for:		
- Auditing and reviewing the financial reports (BDO) - Australia	34,187	33,833
- Auditing and reviewing the financial reports (BDO) - Israel	48,125	37,350
	<u>82,312</u>	<u>71,183</u>
Non-assurance services		
- Tax (BDO) - Australia	2,432	3,005
- Tax (BDO) - Israel	282	6,609
	<u>2,714</u>	<u>9,614</u>

Note 10. Loss per share

	2022 US\$	2021 US\$
Loss after income tax attributable to the owners of Dotz Nano Limited	<u>(5,373,346)</u>	<u>(7,935,940)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	443,711,096	400,324,106
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>443,711,096</u>	<u>400,324,106</u>
	Cents	Cents
Basic loss per share	(1.21)	(1.98)
Diluted loss per share	(1.21)	(1.98)

Note 10. Loss per share (continued)

Accounting policy for loss per share

Basic loss per share

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

Diluted loss per share

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

Note 11. Cash and cash equivalents

	2022	2021
	US\$	US\$
Cash at bank	<u>3,048,878</u>	<u>4,137,046</u>

Accounting policy for cash and cash equivalents

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

Note 12. Cash flow information

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

	2022	2021
	US\$	US\$
Loss after income tax expense for the year	(5,373,346)	(7,935,940)
Adjustments for:		
Depreciation	82,359	74,007
Share-based payments (benefit)/expense	(21,001)	3,131,433
Foreign exchange	35,967	35,143
Amortisation of right of use asset	276,128	283,235
Finance expense	424,779	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	59,267	140,163
Increase in prepayments	(674,585)	(44,653)
Increase in trade and other payables	391,290	142,275
Increase/(decrease) in other provisions	40,200	(33,269)
Increase in unearned revenue	(50,592)	49,922
Net cash used in operating activities	<u>(4,809,534)</u>	<u>(4,157,684)</u>

Non-cash investing and financing activities

During the year ended 31 December 2022 and 31 December 2021, there were no non-cash investing and financing activities.

Other

For risk exposure refer to Note 24.

Note 13. Loans 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 to Southern Israel Bridging Fund LP	284,017	217,834
Interest paid and payable to Marzameno for the year	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 (US\$218,227) (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 were repaid on 10 June 2022.

On 28 December 2022 Company entered into a Loan Agreement of up to A\$416,667 (US\$284,017) (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.

Accounting policy for loans to related parties

Loans at amortised cost

A financial asset is classified at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument represent solely payments of principal and interest (SPPI) on the principal outstanding.

At each reporting date, the Group measures the loss allowance on loans at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Group shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

Note 14. Plant and equipment

	2022	2021
	US\$	US\$
<i>Non-current assets</i>		
Plant and equipment - at cost	622,372	586,097
Less: Accumulated depreciation	<u>(433,076)</u>	<u>(350,717)</u>
	<u>189,296</u>	<u>235,380</u>

Note 14. Plant and equipment (continued)

Opening balance at reporting date	235,380	214,958
Additions	36,275	167,991
Disposal	-	(73,563)
Depreciation	(82,359)	(74,006)
Balance at the end of the year	189,296	235,380

Accounting policy for property, plant and equipment

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

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

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

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

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

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

Note 15. Right-of-use assets

	2022 US\$	2021 US\$
<i>i. AASB 16 related amounts recognised in the statement of financial position</i>		
Motor vehicles - right-of-use	-	11,513
Office space - right-of-use	264,613	529,228
Net carrying amount	264,613	540,741

The group leases office space and vehicles. Rental contracts are typically made for a fixed period of 1-3 years, with extension options available on the office lease. Lease terms are negotiated on an individual basis and contain a range of terms and conditions. The lease agreements impose standard covenants such as mileage limitation, but leased assets may not be used as security for borrowing purposes.

ii. Lease liabilities included in the statement of financial position

Current	276,560	321,930
Non-current	-	281,791
Total lease liabilities	276,560	603,721

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

Depreciation charge related to right-of-use assets	276,128	283,235
Interest expense on lease liabilities (under finance cost)	44,254	68,189
	320,382	351,424

Note 15. Right-of-use assets (continued)

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

Cash outflows in financing activities	304,019	221,059
Cash outflows in operating activities	14,142	97,241
	<u>318,161</u>	<u>318,300</u>

Short-term leases and leases of low-value assets

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

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

Accounting policy for leases

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

Group as a lessee

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

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

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

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

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

Right-of-use asset

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

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

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

Note 15. Right-of-use assets (continued)

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

Note 16. Other assets

	2022 US\$	2021 US\$
<i>Current assets</i>		
Costs to fulfill contract (note 4)	686,142	-
Prepayments	61,456	73,013
	<u>747,598</u>	<u>73,013</u>

Note 17. Trade and other payables

	2022 US\$	2021 US\$
<i>Current liabilities</i>		
Trade payables	651,429	192,365
Accruals	551,446	383,576
	<u>1,202,875</u>	<u>575,941</u>

Accounting policy for trade and other payables

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

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

Note 18. Financial liability

	2022 US\$	2021 US\$
<i>Non-current liabilities</i>		
Financial liability at amortised cost	<u>2,612,463</u>	<u>-</u>

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) ("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 (Refer to note 19)

Note 18. Financial liability (continued)

A reconciliation of the funding arrangement:

	US\$
Proceeds received	3,386,115
Financial liability	2,536,877
Embedded derivative liability	547,875
Option issued (a)	301,363
Financial liability at inception	2,536,877
Less: transaction costs	(223,634)
Finance cost (accretion of debt)	197,490
Foreign exchange impact	101,730
Financial liability at 31 December 2022	<u>2,612,463</u>
Embedded derivative liability at inception	547,875
Net gain/ loss on ED	143,065
Embedded derivative liability at 31 December 2022	<u>690,940</u>

(a) The issue of 7,118,644 options with exercise price of A\$0.475 and expiry date of 14 September 2026 to Lind Partners.

Note 18. Financial liability (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 options were issued on 23 September 2022.
- 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.

Accounting policy for borrowings

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

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

Note 18. Financial liability (continued)

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

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

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

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

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

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

Note 19. Derivative financial instrument

	2022 US\$	2021 US\$
Embedded derivative - financial liability at fair value through P&L	<u>690,940</u>	<u>-</u>

Refer to note 18 for further information.

Note 20. 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	33,664,693
Capital raising costs	-	-	-	(800,644)
	<u>458,878,964</u>	<u>434,184,704</u>	<u>33,718,490</u>	<u>32,864,049</u>

(b) Reconciliation of Share Capital

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
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 20. Issued capital (continued)

(c) Capital Management

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

(d) Performance Shares

There were no performance shares on issue as at 31 December 2022 (31 December 2021: Nil).

Accounting policy for issued capital

Ordinary shares are classified as equity.

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

Note 21. Reserves

(a) Reserves

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

(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	<u>36,394,260</u>	<u>6,443,623</u>
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	<u>28,131,144</u>	<u>6,723,986</u>

(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>

Note 21. Reserves (continued)

Accounting policy for reserves

Foreign currency reserve

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

Share-based payments reserve

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

Note 22. Share-based payments

The following new share-based payment arrangements existed at 31 December 2022:

- (a) The issue of 250,000 options with exercise price of A\$Nil and expiry date of 31 May 2025 to the Former CEO Mr Gideon Shmuel. The options were issued on 31 May 2022 and vest immediately. During the year ended 31 December 2022 a total of \$58,562 was recognised as an expense.
- (b) The issue of 250,000 options with exercise price of A\$Nil and expiry date of 30 September 2025 to the Former CEO Mr Gideon Shmuel. The options were issue on 31 May 2022 and vest on 30 September 2022, the day Mr Shmuel ceases employment with the Company. During the year ended 31 December 2022 a total, being \$58,562 vested and was recognised as an expense.
- (c) The issue of 2,162,500 options (Tranche 1) under the Employee Share Option Plan with exercise price of AU\$0.33 and expiry date of 31 May 2027. The options were issued on 30 September 2022 and vest on 1 June 2023 provided that the employee of the Company at all times during the period from the date of issue and ending on the vesting date. During the year ended 31 December 2022 a total of \$79,853 was recognised as an expense.
- (d) The issue of 1,700,000 options (Tranche 2) under the Employee Share Option Plan with exercise price of AU\$0.40 and expiry date of 31 May 2027. The options were issued on 30 September 2022 and vest on 1 June 2024 provided that the employee of the Company at all times during the period from the date of issue and ending on the vesting date. During the year ended 31 December 2022 a total of \$23,404 was recognised as an expense.
- (e) The issue of 1,700,000 options (Tranche 3) under the Employee Share Option Plan with exercise price of AU\$0.50 and expiry date of 31 May 2027. The options were issued on 30 September 2022 and vest on 1 June 2025 provided that the employee of the Company at all times during the period from the date of issue and ending on the vesting date. During the year ended 31 December 2022 a total of \$13,314 was recognised as an expense.

For the year ending 31 December 2022 a share-based payment expense of (US\$21,001) (2021: US\$3,131,433) was recognised in profit and loss in line with option vesting periods and after reversal of prior year expense relating to options not vested due to vesting conditions not being satisfied.

Share based compensation comprises of the following:

	2022	2021
	US\$	US\$
Vested options relating to prior reporting period	260,706	712,324
Reversal of options not vested	(515,403)	-
Issue of options on 19 March 2021	-	34,989
Issue of options on 3 May 2021	-	368,072
Issue of options under Employees Share Option Plan, 29 July 2021	-	779,182
Issue of options on 17 July 2021	-	38,617
Issue of options on 6 August 2021	-	561,471
Issue of options on 6 August 2021	-	248,023
Vesting of CEO options (Tranche 1 - 4)	-	388,755
Issue of options to former CEO, 31 May 2022	117,125	-
Issue of options under Employee Share Option Plan, 30 September 2022	116,571	-
	<hr/>	<hr/>
Total	<u>(21,001)</u>	<u>3,131,433</u>

Note 22. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

	Number of options 2022	Average exercise price 2022	Number of options 2021	Average exercise price 2021
Outstanding at the beginning of the financial year	13,735,000	A\$0.94	17,950,000	A\$0.07
Granted	5,562,500	A\$0.41	5,035,000	A\$0.11
Forfeited	(3,800,000)	A\$0.00	(5,400,000)	A\$0.07
Exercised	(8,685,000)	A\$0.04	(3,850,000)	A\$0.00
Expired	-	A\$0.00	-	A\$0.00
Outstanding at the end of the financial year	<u>6,812,500</u>	A\$0.36	<u>13,735,000</u>	A\$0.09

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry Date	Spot price	Exercise price	Expected volatility	Dividend yield	Risk-free rate	Fair value at grant date (AU\$)	Fair value at grant date (US\$)
31/05/2022	31/05/2025	AU\$0.350	AU\$Nil	N/A	N/A	N/A	AU\$87,500	US\$62,826
31/05/2022	30/09/2025	AU\$0.350	AU\$Nil	N/A	N/A	N/A	AU\$87,500	US\$62,826
30/09/2022	31/05/2027	AU\$0.255	AU\$0.330	75%	Nil%	3.86%	AU\$312,238	US\$201,297
30/09/2022	31/05/2027	AU\$0.255	AU\$0.400	75%	Nil%	3.86%	AU\$227,673	US\$146,779
30/09/2022	31/05/2027	AU\$0.255	AU\$0.500	75%	Nil%	3.86%	AU\$206,752	US\$133,291

Accounting policy for share-based payments

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

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

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

Note 23. Operating segments

Identification of reportable segments

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

Financial risk management policies

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

Note 24. Financial instruments (continued)

Specific Financial Risk Exposures and Management

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

(a) Interest rate risk

From time to time the Group has significant interest-bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. The interest rate risk arises on the rise and fall of interest rates. The Group's income and operating cash flows are not expected to be materially exposed to changes in market interest rates in the future and the exposure to interest rates is limited to the cash and cash equivalents balances.

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is below:

	Floating Interest Rate US\$	Fixed Interest Rate (6%) US\$	Non- interest bearing US\$	2022 Total US\$	Floating Interest Rate US\$	Fixed Interest Rate (6%) US\$	Non- interest bearing US\$	2021 Total US\$
Financial assets								
- <i>Within one year</i>								
Cash and cash equivalents	3,048,877	-	-	3,048,878	4,137,046	-	-	4,137,046
Trade and Other receivables	-	284,017	34,322	318,339	-	218,277	8,481	226,758
Total financial assets	3,048,877	284,017	34,322	3,367,217	4,137,046	218,277	8,481	4,363,804
Financial Liabilities								
- <i>Within one year</i>								
Trade and other Payables	-	-	(1,205,536)	(1,205,536)	-	-	(351,406)	(351,406)
Lease liabilities	-	-	(276,560)	(276,560)	-	-	(603,721)	(603,721)
Financial liability	-	-	(2,612,463)	(2,612,463)	-	-	-	-
Total financial liabilities	-	-	(4,094,559)	(4,094,559)	-	-	(955,127)	(955,127)
Net financial assets	3,048,877	284,017	(4,060,237)	(727,342)	4,137,046	218,277	(946,646)	3,408,677

Weighted average interest rate 31 December 2022 16.07% and 31 December 2021 0.19%

Sensitivity Analysis

The following table illustrates sensitivities to the Consolidated Entity's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

Note 24. Financial instruments (continued)

	Movement in Profit US\$	Movement in Equity US\$
Year ended 31 December 2022		
+/-1% in interest rates	26,125	26,125
Year ended 31 December 2021		
+/-1% in interest rates	46,981	46,981

(b) Credit risk

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

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

	2022 US\$	2021 US\$
Cash and cash equivalents - AA Rated	3,048,878	4,137,046
Related party loans – BBB Rated	284,017	218,227

(c) Liquidity risk

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

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

The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place. The financial liabilities of the Group are confined to trade and other payables as disclosed in the Statement of Financial Position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

Note 24. Financial instruments (continued)

Remaining contractual maturities

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

2022	Weighted average interest rate %	Less than 6 months US\$	6-12 months US\$	1-2 years US\$	2-5 years US\$	Over 5 years US\$	Total contractual cash flows US\$	Carrying amount (liabilities) US\$
Financial liabilities at amortised cost	-	-	-	(2,612,463)	-	-	-	(2,612,463)
Trade and other payables	-	(1,205,536)	-	-	-	-	(1,205,536)	(1,205,536)
Lease liabilities								
- Office lease	-	(138,280)	(138,280)	-	-	-	(276,560)	(276,560)
- Car lease	-	-	-	-	-	-	-	-
<i>Interest-bearing - fixed rate</i>								
Total non- derivatives		(1,343,816)	(138,280)	(2,612,463)	-	-	(1,482,096)	(4,094,559)
Derivatives								
Embedded derivatives	-	-	-	(690,940)	-	-	-	(690,940)
Total derivatives		-	-	(690,940)	-	-	-	(690,940)

2021	Weighted average interest rate %	Less than 6 months US\$	6-12 months US\$	1-2 years US\$	2-5 years US\$	Over 5 years US\$	Total contractual cash flows US\$	Carrying amount (liabilities) US\$
Financial liabilities at amortised cost								
Trade and other payables	-	(351,406)	-	-	-	-	(351,406)	(351,406)
Lease liabilities								
- Office lease	-	(163,023)	(163,023)	(326,045)	-	-	(652,091)	(652,091)
- Car lease	-	(6,985)	(2,328)	-	-	-	(9,313)	(9,313)
Total non- derivatives		(521,414)	(165,351)	(326,045)	-	-	(1,012,810)	(1,012,810)

(d) Currency risk

The currency risk is the risk that the value of financial instruments will fluctuate due to change in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US dollar, the New Israeli Shekel, the Swiss Franc and Euro.

The Company's policy is not to enter into any currency hedging transactions.

Note 24. Financial instruments (continued)

	2022		2021	
	Foreign Currency	USD Equivalent	Foreign Currency	USD Equivalent
Cash and cash equivalents				
New Israeli Shekels	589,544	167,532	493,730	158,756
Swiss Franc	26,197	28,402	26,197	28,678
Euro	1,696	1,808	-	-

Note 25. Fair value measurement

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

2022	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
<i>Liabilities</i>				
Embedded derivatives	-	690,940	-	690,940
Total liabilities	-	690,940	-	690,940

There were no transfers between levels during the financial year.

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

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

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

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

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

Accounting policy for fair value measurement

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

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

Note 26. Contingent liabilities

The Company has a contingent liability related to the grant received from BIRD. As stated under Note 2 the company currently does not expect to generate revenues from the development made under this grant. As the liability is contingent on royalty payments on developed products, should this assumption change the Company will be required to pay royalties to BIRD (2021: Nil).

There were no other contingent liabilities for the year ended 31 December 2022 and 31 December 2021.

Note 27. Parent entity information

	2022 US\$	2021 US\$
Assets		
Current assets	2,925,616	3,206,430
Liabilities		
Current liabilities	97,508	99,437
Non-current liabilities	3,303,403	-
Total liabilities	3,400,911	99,437
Shareholders' equity		
Issued capital	348,999,688	348,145,246
Reserves	6,553,605	6,341,760
Accumulated losses	(356,028,588)	(351,380,013)
Shareholders equity	(475,295)	3,106,993
(b) Statement of profit or loss and other comprehensive income		
Loss for the year	(4,648,576)	(8,334,468)
Total comprehensive loss	<u>(4,648,576)</u>	<u>(8,334,468)</u>

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

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2022 and 31 December 2021.

Contingent liabilities

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

Capital commitments

The parent entity had no capital commitments as at 31 December 2022 and 31 December 2021.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 28. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		2022 %	2021 %
Dotz Nano Ltd	Israel	100%	100%

Note 29. Events after the reporting period

On 1 March 2023, the Company announced the appointment of Ms Liat Bar Ziv Alperovitz as the new Chief Financial Officer, following the departure of Mr Guy Khavia.

On 23 March 2023, the Company announced the appointment of Mr Sharon Malka as the new Chief Executive Office, following the resignation of Mr Gideon Shmuel and an extended search.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial year 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.

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

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

On behalf of the directors



Bernie Brookes AM
Chairman

23 March 2023

INDEPENDENT AUDITOR'S REPORT

To the members of Dotz Nano Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Dotz Nano Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material uncertainty related to going concern

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

Key audit matters

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

Accounting for Financial Liability

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>During the year, Dotz Nano Limited ("Company") entered into a Share Subscription Agreement with Lind Global Fund II, refer Note 3 and 18 for further details.</p> <p>The Funding Facility provided by Lind is a hybrid instrument which includes a combination of a debt financial liability that represents the contractual cashflows and a derivative financial liability that represents the conversion feature. The conversion feature is an embedded derivative liability which is required to be recognised at fair value through profit or loss.</p> <p>We have identified the accounting and valuation of the financial liability as a key audit matter due to the complexity and judgements involved in determining the conversion features which can have a significant effect on the classification of the components of this instrument together with complexities as to the initial and subsequent measurement of the identified components.</p>	<p>Our audit procedures regarding this matter included, but were not limited to:</p> <ul style="list-style-type: none"> • Reviewing the Share Subscription Agreement to understand the key terms and conditions of the arrangement; • Assessing whether management's assessment of the classification of the components contained within the funding agreement was in accordance with the accounting standards; • Reviewing management's independent expert's valuation of the instrument, including assessing the valuation methodology used. This included consulting with our internal valuation specialist on the appropriateness of the valuation and valuation methodology applied; • Assessing the qualifications, competence and objectivity of management's external expert; • Reviewing management's accounting treatment adopted for the financial liability; and • Assessing the adequacy of the related disclosures within Note 3 and 18 of the financial report.



Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2022, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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

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

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 20 of the directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Dotz Nano Limited, for the year ended 31 December 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Ashleigh Woodley'. Above the signature, the letters 'BDO' are written in a simple, blocky font.

Ashleigh Woodley

Director

Perth, 23 March 2023

ADDITIONAL ASX INFORMATION



The shareholder information set out below was applicable as at 15 March 2023.
As at 15 March 2023 there were 837 holders of Ordinary Fully Paid Shares.

CORPORATE GOVERNANCE

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

VOTING RIGHTS

The voting rights of the ordinary shares are as follows:

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

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

TWENTY LARGEST SHAREHOLDERS

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

Ordinary Fully Paid Shares

Holder Name	Holding	% IC
CITICORP NOMINEES PTY LIMITED	123,922,205	26.86%
BNP PARIBAS NOMS PTY LTD <DRP>	90,074,287	19.52%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	82,621,084	17.91%
MARZAMENO LTD	20,689,882	4.48%
IBI TRUST MANAGEMENT <ARIEL MALIK A/C>	11,746,611	2.55%
AVOCADO VENTURES INC	10,270,548	2.23%
IBI TRUST MANAGEMENT <MICHAEL SHTEIN A/C>	8,146,201	1.77%
SOUTHERN ISRAEL BRIDGING FUND LP	7,114,816	1.54%
ROMFAL SIFAT PTY LTD <THE FIZMAIL FAMILY A/C>	5,668,133	1.23%
LIND GLOBAL FUND II LP	5,402,154	1.17%
DR ZVI GRAUBARD	5,002,261	1.08%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	4,781,504	1.04%
MR NATANEL HARPAZ	3,712,708	0.80%
MR GAREN AZOYAN SUTISY & MRS ARMINEH MOSES MINASKANIANS <GAAM SUPER FUND A/C>	3,163,158	0.69%
IBI TRUST MANAGEMENT <TOMER SEGEV A/C>	3,000,000	0.65%
IBI TRUST MANAGEMENT <INVESTJTECH LLC A/C>	2,993,461	0.65%
HORSELAND SADDLERY PTY LTD <HORSELAND SADDLERY S/F A/C>	2,500,000	0.54%
MR BRUNO NOSEK	2,100,000	0.46%
BROOKES FAMILY INVESTMENTS PTY LIMITED < BROOKES INVESTMENT A/C>	2,040,000	0.44%
GO RND PTY LTD <RGO FAMILY A/C>	1,985,371	0.43%
Total	396,934,384	86.03%
Total issued capital - selected security class(es)	461,378,964	100.00%

SUBSTANTIAL HOLDERS

The names of the substantial shareholders disclosed to the Company as substantial shareholders as at 15 March 2023 are:

Name	No of Shares Held	% of Issued Capital
CITICORP NOMINEES PTY LIMITED	123,922,205	26.86%
BNP PARIBAS NOMS PTY LTD <DRP>	90,074,287	19.52%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	82,621,084	17.91%

ADDITIONAL ASX INFORMATION

DISTRIBUTION OF EQUITY SECURITIES

Ordinary Fully Paid Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	162	10,063	0.00%
1,001 - 5,000	193	561,933	0.12%
5,001 - 10,000	133	1,088,859	0.24%
10,001 - 100,000	230	8,667,991	1.88%
100,001 - 9,999,999,999	122	451,050,118	97.76%
Totals	840	461,378,964	100.00%

Based on the price per security, number of holders with an unmarketable holding: 225, with total 110,659, amounting to 0.02% of Issued Capital (based on share price of \$0.225)

RESTRICTED SECURITIES

As at 15 March 2023 the following shares are subject to escrow:

- 4,629,630 - DTZESC2 – Voluntary ESCROW SHARES - TO 30 April 2023

UNQUOTED SECURITIES

As at 15 March 2023, the following unquoted securities are on issue:

DTZAQ - 5,000,000 Options Expiring 19/10/23 @ \$0.37.5 – 1 Holders (DTZOPT30)

Holders with more than 20%

Holder Name	Holding	% IC
KETOM PTY LTD <BECHLER FAMILY A/C>	5,000,000	100%

DTZAS - 2,450,000 Options ESOP T3 VEST 31/12/21 EXP 31/12/23 – 06 Holders (DTZESOPT8)

Holders with more than 20%

Holder Name	Holding	% IC
IBI TRUST MANAGEMENT <MICHAEL SHTEIN A/C>	1,000,000	40.8%
IBI TRUST MANAGEMENT <YONIT BOGUSLAVSKY A/C>	500,000	20.4%

DTZAAF - 250,000 Options Expiring 10/07/24 @ \$0.20 – 1 Holders (DTZOPT34)

Holders with more than 20%

Holder Name	Holding	% IC
NUBS GROUP TECHNOLOGIES LTD	250,000	100%

DTZAAB - 1,250,000 Options Expiring 31/12/2023 @ \$0.20 – 3 Holders (DTZESOPT12)

Holders with more than 20%

Holder Name	Holding	% IC
BROOKES FAMILY INVESTMENTS PTY LIMITED	500,000	40.00%
GO RND PTY LTD <RGO FAMILY A/C>	500,000	40.00%
LORIAN PTY LTD <PAMENSKY FAMILY A/C>	250,000	20.00%

DTZAAG - 4,000,000 Options Expiring 25/11/23 @ \$0.252 – 2 Holders (DTZOPT35)

Holders with more than 20%

Holder Name	Holding	% IC
HILHAR PTY LTD	2,000,000	50.00%
TT MEDICAL UAE	2,000,000	50.00%

DTZAAH - 1,500,000 Options Expiring 04/08/23 @ \$0.23 – 1 Holders (DTZOPT36)

Holders with more than 20%

Holder Name	Holding	% IC
V2 TECH DISTRIBUTORS PTY LTD	1,500,000	100%

DTZAAL - 7,118,644 Options Expiring 14/09/26 @ \$0.475 – 1 Holders (DTZOPT37)

Holders with more than 20%

Holder Name	Holding	% IC
LIND GLOBAL FUND II LP	7,118,644	100%

ADDITIONAL ASX INFORMATION



DTZAAM - 2,162,500 Options Expiring 31/05/2027 @ \$0.33 – Vest 1 June 2023 – 10 Holders (DTZUQSOPT1 - DTZ ESOP U-Q Employee Options)
Holder with more than 20%

Holder Name	Holding	% IC
IBI TRUST MANAGEMENT <GUY KHAVIA>	687,500	31.8%

DTZAAN – 565,000 Options Expiring 31/05/2027@ \$0.40 – Vest 1 June 2024 – 8 Holders (DTZUQSOPT2 - DTZ - ESOP U-Q Employee Options)
Holder with more than 20%

Holder Name	Holding	% IC
IBI TRUST MANAGEMENT <ZOHAR BIRMAN>	365,000	21.5%
IBI TRUST MANAGEMENT <DAVID TULIPMAN>	365,000	21.5%
LIND GLOBAL FUND II LP	565,000	33.2%

DTZAAO - 1,700,000 Options Expiring 31/05/2027 @ \$0.50 – Vest 1 June 2025 – 8 Holders (DTZOPT38 - ESOP U-Q Employee Options)
Holder with more than 20%

Holder Name	Holding	% IC
IBI TRUST MANAGEMENT <ZOHAR BIRMAN>	365,000	21.5%
IBI TRUST MANAGEMENT <DAVID TULIPMAN>	365,000	21.5%
LIND GLOBAL FUND II LP	565,000	33.2%

DTZAAP – 565,000 Options Expiring 01/03/2027 @ \$0.33 – Vest 1 March 2024 – 1 Holders (DTZUQSOPT1 - DTZ ESOP U-Q Employee Options)
Holder with more than 20%

Holder Name	Holding	% IC
IBI TRUST MANAGEMENT <LIAT BAR ZIV ALPEROVITZ A/C>	565,000	100%

DTZAAQ - 565,000 Options Expiring 01/03/2027 @ \$0.40 – Vest 1 March 2025 – 1 (DTZOPT39 - ESOP U-Q Employee Options)
Holder with more than 20%

Holder Name	Holding	% IC
IBI TRUST MANAGEMENT <LIAT BAR ZIV ALPEROVITZ A/C>	565,000	100%

DTZAAR - 565,000 Options Expiring 01/03/2027 @ \$0.50 – Vest 1 March 2026 – 1 Holders (DTZOPT40 - ESOP U-Q Employee Options)
Holder with more than 20%

Holder Name	Holding	% IC
IBI TRUST MANAGEMENT <LIAT BAR ZIV ALPEROVITZ A/C>	565,000	100%

TBC – 2,000,000 Options Expiring 20/03/2028 @ \$0.298 – Vest 20 March 2024 – 1 Holders (DTZESOPT15 - DTZ ESOP U-Q T1 Employee Options)
Holder with more than 20%

Holder Name	Holding	% IC
IBI TRUST MANAGEMENT <Sharon Malka A/C>	2,000,000	100%

TBC – 2,000,000 Options Expiring 20/03/2028 @ \$0.367 – Vest 20 March 2025 – 1 Holders (DTZESOPT16 - DTZ ESOP U-Q T2 Employee Options)

Holder with more than 20%

Holder Name	Holding	% IC
IBI TRUST MANAGEMENT <Sharon Malka A/C>	2,000,000	100%

TBC – 2,000,000 Options Expiring 20/03/2028 @ \$0.436 – Vest 20 March 2026 – 1 Holders (DTZESOPT17 - DTZ ESOP U-Q T3 Employee Options)
Holder with more than 20%

Holder Name	Holding	% IC
IBI TRUST MANAGEMENT <Sharon Malka A/C>	2,000,000	100%

TBC – 2,000,000 Options Expiring 20/03/2028 @ \$0.505 – Vest 20 March 2027 – 1 Holders (DTZESOPT18 - DTZ ESOP U-Q T4 Employee Options)
Holder with more than 20%

Holder Name	Holding	% IC
IBI TRUST MANAGEMENT <Sharon Malka A/C>	2,000,000	100%

TBC – 1,375,000 Options Expiring 20/03/2029 @ \$0.573 – Vest 20 March 2028 – 1 Holders (DTZESOPT19 - DTZ ESOP U-Q T5 Employee Options)
Holder with more than 20%

Holder Name	Holding	% IC
IBI TRUST MANAGEMENT <Sharon Malka A/C>	1,375,000	100%

ADDITIONAL ASX INFORMATION



ON-MARKET BUY BACK

There is currently no on-market buyback program.

ASX LISTING RULE 4.10.19

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of reinstatement of the Company's securities to quotation in a way consistent with its business objectives.