Dotz Nano Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Dotz Nano Limited
ABN:	71 125 264 575
Reporting period:	For the period ended 30 June 2023
Previous period:	For the period ended 30 June 2022

2. Results for announcement to the market

		%		US$
Loss from ordinary activities after tax	up	34.7%	to	(3,331,169)
Loss for the period	up	34.7%	to	(3,331,169)

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

Comments
The loss for the Group after providing for income tax amounted to US$3,331,169 (30 June 2022: US$2,473,259).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(0.45)	0.38

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

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

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

No changes from 31 December 2022.

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9. Information on audit or review

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

10. Attachments

Details of attachments (if any):

The Interim Report of Dotz Nano Limited for the period ended 30 June 2023 is attached.

11. Signed

Signed ___________________________ Date: 16 August 2023

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Dotz Nano Limited

ABN 71 125 264 575

Interim Report - 30 June 2023

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The Directors of Dotz Nano Limited ("the Company") and controlled entities ("the Group") submit the following report for the half year ended 30 June 2023.

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

Mr Bernie Brookes AM
Mr Doron Eldar
Ms Kerry Harpaz

Company Secretary
Mr Ian Pamensky

Principal activities
During the half year, the principal continuing activities of the Group is developing, manufacturing and commercialising innovative solutions addressing global environmental and industrial challenges, utilising its carbon-based nano technologies. Our two main areas of focus are:

- In-product tagging solution for anticounterfeiting and monitoring, primarily for the oil & gas and chemicals sectors.
- Carbon-based sorbent technology for industrial decarbonisation and sustainability

Financial review
Dotz Nano Limited had a loss for the year of $3,331,169 (31 December 2022: $2,473,259). This included a non-cash amount of $290,752 share-based payments (30 June 2022 shared-based income: $158,210) and non-cash finance costs of $504,927.

The Group had net liability position of $2,084,997 at 30 June 2023 (31 December 2022: net liability of ($244,586).

As at 30 June 2023, the Group's cash and cash equivalents balance was $1,149,392 (31 December 2022: $3,048,878) and the Group had working capital of ($2,377,985) (31 December 2022: $2,604,909).

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

Review of operations
During the half year ended 30 June 2023, the following activities occurred:

Corporate update
- During the past year, the Company has undergone a significant transformation at the senior management level, strengthening its leadership team:

    - 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. Ms Alperovitz brings more than two decades of financial management experience for a broad range of unlisted and publicly listed companies.

    - On 20 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. Mr Malka is an accomplished senior executive with over 20 years of strategic, operational, commercial, and financial leadership in innovative technology companies.

- On 19 May 2023, the Company entered into agreement to acquire an innovative C02 capture technology, which utilises plastic waste to produce carbon-based solid sorbent with nanosized pores to capture and store C02 gases. The new technology, which was developed at Rice University and validated by SINTEF, represents the next generation of carbon capture sorbents, demonstrating several benefits over existing technologies including sustainability, cost efficiency and scalability. The transaction was subject to shareholder approval which was granted on 31 May 2023 (for further details refer to ASX announcement dated 19 of May 2023).

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Corporate update

The C02 capture industry is undergoing significant growth while playing a critical role in the energy transition and industrial decarbonisation, representing a significant scale of opportunity of over $100 billion by 2030.

This highly strategic acquisition aligns with Dotz's business growth strategy and provides a valuable addition to our offering to existing target markets.

- As of 30 June 2023, the Company issued 6,343,654 ordinary shares at an issue price of $AU0.17-0.20 under the Funding Agreement.

Operational update

- Dotz is in continued discussions with leading companies in the oil & gas and chemicals sectors for both its Dotz Shield and Dotz Earth technologies, which represents a significant growth opportunity. Several discussions with potential customers have allowed Dotz to enter negotiations to secure new projects for the Company's anti-counterfeiting and monitoring solutions to address the challenges of authentication, in-field quantification, and quality assurances that companies in several sectors face.

In-product tagging solutions - Dotz Shield

- Oil & Gas application - A leading NASDAQ-listed oilfield technology and services provider is running ongoing industrial-scale field trials in multiple locations across North America, utilising Dotz's solution to monitor corrosion inhibitors in-field. The industrial-scale field trials were initiated in the first quarter of 2023 following the completion of manufacturing upscale and supply the proprietary in-product tagging solution to the customer.
  Pending results of the in-field trials and end-user acceptance of the solution, there is the opportunity for further purchase orders and a ramp up of Dotz tagging solutions within the oil & gas industry.

- Gene therapy application - The Company completed the first phase of the design and planning of its tagging solution in the Orgenesis mobile processing units and labs (OMPULs) under its collaboration agreement with Theracell, for joint-development of marking disposable bioprocessing consumables, using on and in-product tagging techniques (refer to ASX Announcement 12 April 2022). The company reassessed the biomedical consumables tagging opportunity and concluded to discontinue the joint-development project with Theracell. The company's core focus going forward is the oil & gas operators and chemical manufacturers, where Dotz has identified opportunity for its tagging solutions.

- Security application - the Company commenced field trials of its authentication solution with a multi-national logistics company that operates throughout the US and European art security sector.

Carbon capture technology - Dotz Earth

- Following the strategic acquisition of an innovative C02 capture technology, the company initiated a tech-transfer process from Rice University in parallel to the completion of the acquisition.

Significant Changes in the State of Affairs
There were no significant changes in the state of affairs of the Group during the financial period.

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Subsequent events

In July 2023, the Company raised AU$4 million (US$2.7 million) via private placement offering 19,807,500 ordinary shares at an issue price of A$0.20 per share. (refer to ASX Announcement 26 July 2023). The capital raising will provide significant balance sheet capacity for Dotz to pursue previously announced growth initiatives including the acquisition, development and exploitation of carbon capture technology and importantly, will also strengthen and deepen Dotz' institutional shareholder base (for further details refer to ASX announcement dated 26 of July 2023).

In August 2023 the company reassessed the biomedical consumables tagging opportunity following the completion of the first phase of the design and planning of its tagging solution in the Orgenesis mobile processing units and labs (OMPULs). The company concluded to discontinue the joint-development with Theracell for marking disposable bioprocessing consumables, using on and in-product tagging techniques. The company's core focus going forward is the oil & gas operators and chemical manufacturers, where Dotz has identified opportunity for its tagging solutions. This resulted in the company not recognising any revenues from the project. The Group recognized a loss of $100,000 in the first half of 2023 and will not recognize revenues from this collaboration agreement.

On 15 August 2023, the Company announced the completion of the carbon capture technology acquisition. Upon closing, the Company paid US$750,000 in cash, and issued 15.7 million shares to H2 Blue Ltd. and 8 million options.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of amounts

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the period ended 30 June 2023 is set out immediately after this directors' report.

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

On behalf of the directors

Bernie Brookes AM
Chairman

16 August 2023

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

As lead auditor for the review of Dotz Nano Limited for the half-year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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

Ashleigh Woodley

Director

BDO Audit (WA) Pty Ltd

Perth

16 August 2023

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General information

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

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

Registered office	**Principal place of business**
Level 14, 330 Collins Street, Melbourne, Victoria 3000, Australia	1 Atir Yeda Kfar-Sava, Israel, 4464301

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 16 August 2023.

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Dotz Nano Limited
Consolidated statement of profit or loss and other comprehensive income
For the period ended 30 June 2023

	Note	30 June 2023 US$	30 June 2022 US$
Revenue			
Revenue from contracts with customers	4	-	35,759
Cost of sales		-	(27,534)
Gross loss		-	8,225
Expenses			
Research and development expenses		(669,825)	(776,530)
General, administrative, selling and marketing expenses	5	(1,863,943)	(1,856,245)
Operating loss		(2,533,768)	(2,624,550)
Share based compensation (expense)/reversal	15	(290,752)	158,210
Finance costs		(506,649)	(6,919)
Loss before income tax expense		(3,331,169)	(2,473,259)
Income tax expense		-	-
Loss after income tax expense for the period		(3,331,169)	(2,473,259)
Other comprehensive income loss			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		49,101	(68,520)
Total comprehensive income loss for the period		**(3,282,068)**	**(2,541,779)**
		Cents	**Cents**
Basic diluted loss per share – cents per share		(0.72)	(0.56)

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

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Dotz Nano Limited
Consolidated statement of financial position
As at 30 June 2023

	Note	30 June 2023 US$	31 December 2022 US$
Assets			
Current assets			
Cash and cash equivalents		1,149,392	3,048,878
Trade and other receivables		69,537	34,321
Loans to related parties	7	-	284,017
Other assets	6	309,562	747,598
Inventory		7,174	7,543
Total current assets		1,535,665	4,122,357
Non-current assets			
Property, plant and equipment		160,681	189,296
Right-of-use assets		132,306	264,613
Total non-current assets		292,987	453,909
Total assets		1,828,652	4,576,266
Liabilities			
Current liabilities			
Trade and other payables	8	1,101,512	1,202,875
Lease liabilities		135,102	276,560
Provisions		60,725	38,013
Financial liability	9	2,027,321	-
Derivative financial instruments	10	588,989	-
Total current liabilities		3,913,649	1,517,448
Non-current liabilities			
Financial liability	9	-	2,612,463
Derivative financial instruments	10	-	690,940
Total non-current liabilities		-	3,303,403
Total liabilities		3,913,649	4,820,851
Net liabilities		**(2,084,997)**	**(244,585)**
Equity			
Issued capital	11	34,869,395	33,718,491
Reserves	12	7,041,180	6,701,327
Accumulated losses		(43,995,572)	(40,664,403)
Total deficiency in equity		**(2,084,997)**	**(244,585)**

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 period ended 30 June 2023

	Issued capital US$	Option reserve US$	Foreign currency reserve US$	Accumulated losses US$	Total equity US$
Balance at 1 January 2022	32,864,049	6,443,623	45,857	(35,291,058)	4,062,471
Loss after income tax expense for the period	-	-	-	(2,473,259)	(2,473,259)
Other comprehensive income loss for the period, net of tax	-	-	(68,520)	-	(68,520)
Total comprehensive income loss for the period	-	-	(68,520)	(2,473,259)	(2,541,779)
Transactions with owners in their capacity as owners:					
Exercise of options (note 11)	316,198	-	-	-	316,198
Share-based payments (note 15)	-	(158,210)	-	-	(158,210)
Balance at 30 June 2022	**33,180,247**	**6,285,413**	**(22,663)**	**(37,764,317)**	**1,678,680**

	Issued capital US$	Option reserve US$	Foreign currency reserve US$	Accumulated losses US$	Total deficiency in equity US$
Balance at 1 January 2023	33,718,491	6,723,986	(22,659)	(40,664,403)	(244,585)
Loss after income tax expense for the period	-	-	-	(3,331,169)	(3,331,169)
Other comprehensive income loss for the period, net of tax	-	-	49,101	-	49,101
Total comprehensive income loss for the period	-	-	49,101	(3,331,169)	(3,282,068)
Transactions with owners in their capacity as owners:					
Issue of shares (note 11)	1,058,192	-	-	-	1,058,192
Exercise of options (note 11)	92,712	-	-	-	92,712
Share-based payments (note 15)	-	290,752	-	-	290,752
Balance at 30 June 2023	**34,869,395**	**7,014,738**	**26,442**	**(43,995,572)**	**(2,084,997)**

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

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	Note	30 June 2023 US$	30 June 2022 US$
Cash flows from operating activities			
Receipts from customers		16,148	27,632
Payments to suppliers and employees, net		(2,089,225)	(2,589,702)
Interest received		14,126	7,113
Interest paid		(1,094)	(37,125)
Net cash used in operating activities		(2,060,045)	(2,592,082)
Cash flows from investing activities			
Receipts from investments		7,000	15,000
Purchase of plant and equipment		-	(17,242)
Net cash from/(used in) investing activities		7,000	(2,242)
Cash flows from financing activities			
Proceeds from exercise of options	11	92,712	316,198
Proceeds from repayment of related party loan	7	276,614	218,227
Repayment of lease liabilities		(141,458)	(133,926)
Net cash from financing activities		227,868	400,499
Net decrease in cash and cash equivalents		(1,825,177)	(2,193,825)
Cash and cash equivalents at the beginning of the financial period		3,048,877	4,137,046
Effects of exchange rate changes on cash and cash equivalents		(74,308)	(119,038)
Cash and cash equivalents at the end of the financial period		**1,149,392**	**1,824,183**

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

Note 1. Reporting entity

The interim financial report of Dotz Nano Limited ("the Company") and its controlled entities ("the Group") for the half year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors on16 August 2023.

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

The Group's principal place of business is at 1 Atir Yeda Kefar-Sava, Israel, 4464301 and the registered office is located at Level 14, 330 Collins Street, Melbourne, Victoria 3000, Australia.

Note 2. Material accounting policy information

These general-purpose financial statements for the interim half-year reporting period ended 30 June 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Group has reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2023. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Group accounting policies. No retrospective change in accounting policy of material reclassification has occurred during the half year.

Going concern
The interim financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group incurred a loss for the half year ended 30 June 2023 of $3,331,169 (30 June 2022: $2,473,259) and net cash outflows from operating activities of $2,060,045 (30 June 2022: $2,592,082).

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

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

The management believes 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:

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Note 2. Material accounting policy information (continued)

- The Management and Directors of Dotz Nano Limited have assessed the likely cash flow for the 12-month period from the date of signing this financial report and its impact on the Group and believe there will be sufficient funds to meet the Group's working capital requirements as at the date of this report.
- The Group has the ability to reduce its expenditure to conserve cash.
- The Group has historically demonstrated its ability to raise funds to satisfy its immediate cash requirements and has subsequent to balance date raised AU$4 million (US$2.7 million).
- The Directors of Dotz Nano also have reason to believe that in addition to the cash flow currently available, additional funds from receipts are expected through the commercialisation of the Group's products.

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

Note 3. Segment information

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

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

Note 4. Revenue from contracts with customers

	30 June 2023 US$	30 June 2022 US$
Revenue recognised at a point in time	-	35,759
The Group has recognised the following assets and liabilities related to contracts with customers:		
- Contract liabilities	-	51,891

Note 5. General, administrative, selling and marketing expenses

	30 June 2023 US$	30 June 2022 US$
Wages and benefits	560,373	492,200
Consulting fees	167,223	164,901
Sales and marketing expenses	591,816	308,362
Director fees	166,294	291,357
Other expenses	378,237	599,425
	1,863,943	1,856,245

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Note 6. Other assets

	30 June 2023 US$	31 December 2022 US$
Current assets		
Prepayments	121,738	61,456
Prepayment related to Assets purchase agreement	187,824	-
Customer fulfilment costs*	-	686,142
	309,562	747,598

*In the year ended 31 December 2022, the Group incurred contact fulfilment costs of $660,000 under its collaboration agreement with TheraCell for joint-development of marking disposable bioprocessing consumables, expected to be recovered in 2023. The Group discontinued this collaboration agreement and the related service agreement with its supplier (see note 18). As a result, the customer fulfilment costs were offset by the respective trade payable balance (see note 16).

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Note 7. Loan to related party

	30 June 2023 US$	31 December 2022 US$
Loan to related party	-	284,017

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial period are set out below:

	30 June 2023 US$	31 December 2022 US$
Opening balance	284,017	218,227
Loan advanced to Southern Israel Bridging Fund LP	-	284,017
Interest paid and payable	(7,403)	4,902
Repayment received	(276,614)	(223,129)
Closing balance	-	284,017

As detailed on 31 December 2022 annual report, the 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 on 28 December 2022.

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 14 June 2023.

The loan was repaid on 14 June 2023.

Note 8. Trade and other payables

	30 June 2023 US$	31 December 2022 US$
Current liabilities		
Trade payables	248,218	651,429
Other payables	853,294	551,446
	1,101,512	1,202,875

Note 9. Financial liability

	30 June 2023 US$	31 December 2022 US$
Current liabilities		
Financial liability at amortised cost	2,027,321	-
Non-current liabilities		
Financial liability at amortised cost	-	2,612,463

As detailed on 31 December 2022 annual report, the 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 is 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 10)

	30 June 2023 US$	31 December 2022 US$
Opening balance	**2,612,463**	**-**
Financial liability at inception	-	2,536,877
Less: subscription to shares	(791,286)	-
Less: transaction costs	-	(223,634)
Finance cost (accretion of debt)	284,704	197,490
Foreign exchange impact	(78,560)	101,730
Closing balance	2,027,321	2,612,463

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Note 9. Borrowings (continued)

	30 June 2023 US$	31 December 2022 US$
Opening balance	**690,940**	**-**
Embedded derivative liability at inception	-	547,875
Partial settlement of embedded derivative	(266,072)	
Net loss on embedded derivative	164,121	143,065
Closing balance	588,989	690,940

Note 10. Derivative financial instruments

	30 June 2023 US$	31 December 2022 US$
Current liabilities		
Embedded derivative - financial liability at fair value through P&L	588,989	-
Non-current liabilities		
Embedded derivative - financial liability at fair value through P&L	-	690,940

Refer to note 9 for further information.

Refer to note 14 for further information on fair value measurement.

Note 11. Issued capital

	30 June 2023 Shares	31 December 2022 Shares	30 June 2023 US$	31 December 2022 US$
(a) Ordinary shares – fully paid	466,222,618	458,878,964	34,869,395	33,718,491
	466,222,618	458,878,964	34,869,395	33,718,491

(b) Reconciliation of share capital	**No**	**US$**
Opening balance as at 1 January 2022	434,184,704	32,864,050
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**	**33,718,491**
Opening balance at 1 January 2023	**458,878,964**	**33,718,491**
Shares issued on exercise of options	1,000,000	92,712
Shares issued to Lind Partners	6,343,654	1,058,192
Closing balance at 30 June 2023	**466,222,618**	**34,869,395**

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Note 12. Reserves

	30 June 2023 US$	31 December 2022 US$
(a) Foreign currency translation reserve	26,442	(22,658)
(b) Options reserve	7,014,738	6,723,986
	7,041,180	6,701,328

(a) Foreign currency translation reserve	**US$**	**US$**
Opening balance	**(22,659)**	**45,856**
Difference arising on translation	49,101	(68,515)
Closing balance	**26,442**	**(22,659)**

(b) Reconciliation of option reserve	**No.**	**US$**
Opening balance at 1 January 2022	36,394,260	6,443,623
Options issued	13,931,144	531,537
Options exercised	(19,194,260)	-
Options cancelled	(3,000,000)	(159,960)
Reversal of exercise related to options	-	(91,214)
Closing balance at 31 December 2022	**28,131,144**	**6,723,986**

	No.	**US$**
Opening balance at 1 January 2023	**28,131,144**	**6,723,986**
Options issued	12,165,000	157,711
Options exercised	(1,000,000)	-
Vesting of options from prior periods	-	133,041
Closing balance on 30 June 2023	**39,296,144**	**7,014,738**

Note 13. Dividends

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

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Note 14. Fair value measurement

Fair value hierarchy
The following tables detail the Group'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

30 June 2023	**Level 1 US$**	**Level 2 US$**	**Level 3 US$**	**Total US$**
Liabilities				
Embedded derivatives	-	588,989	-	588,989
Total liabilities	-	588,989	-	588,989

31 December 2022	**Level 1 US$**	**Level 2 US$**	**Level 3 US$**	**Total US$**
Liabilities				
Embedded derivatives	-	690,940	-	690,940
Total liabilities	-	690,940	-	690,940

There were no transfers between levels during the financial period.

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.

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Note 15. Share-based payments

The following new share based payment arrangements existed at 30 June 2023:

- The issue of 565,000 options (Tranche 1) under the Employee Share Option Plan with exercise price of A$0.33 and expiry date of 1 March 2027. The options were issued to CFO on 13 March 2023 and vest on 1 March 2024 provided that the employee of the Company at all times during the period from date of issue and ending on the vesting date. During the half year ended 30 June 2023 a total of $14,713 was recognised as an expense.
- The issue of 565,000 options (Tranche 2) under the Employee Share Option Plan with exercise price of A$0.40 and expiry date of 1 March 2027. The options were issued to CFO on 13 March 2023 and vest on 1 March 2025 provided that the employee of the Company at all times during the period from date of issue and ending on the vesting date. During the half year ended 30 June 2023 a total of $6,725 was recognised as an expense.
- The issue of 565,000 options (Tranche 3) under the Employee Share Option Plan with exercise price of A$0.50 and expiry date of 1 March 2027. The options were issued to CFO on 13 March 2023 and vest on 1 March 2026 provided that the employee of the Company at all times during the period from date of issue and ending on the vesting date. During the half year ended 30 June 2023 a total of $4,057 was recognised as an expense.
- The issue of 2,000,000 options (Tranche 1) under the Employee Share Option Plan with exercise price of A$0.298 and expiry date of 20 March 2028. The options were issued to CEO on 21 March 2023 and vest on 20 March 2024 provided that the employee of the Company at all times during the period from date of issue and ending on the vesting date. During the half year ended 30 June 2023 a total of $54,213 was recognised as an expense.
- The issue of 2,000,000 options (Tranche 2) under the Employee Share Option Plan with exercise price of A$0.367 and expiry date of 20 March 2028. The options were issued to CEO on 21 March 2023 and vest on 20 March 2025 provided that the employee of the Company at all times during the period from date of issue and ending on the vesting date. During the half year ended 30 June 2023 a total of $25,568 was recognised as an expense.
- The issue of 2,000,000 options (Tranche 3) under the Employee Share Option Plan with exercise price of A$0.436 and expiry date of 20 March 2028. The options were issued to CEO on 21 March 2023 and vest on 20 March 2026 provided that the employee of the Company at all times during the period from date of issue and ending on the vesting date. During the half year ended 30 June 2023 a total of $16,159 was recognised as an expense.
- The issue of 2,000,000 options (Tranche 4) under the Employee Share Option Plan with exercise price of A$0.505 and expiry date of 20 March 2028. The options were issued to CEO on 21 March 2023 and vest on 20 March 2027 provided that the employee of the Company at all times during the period from date of issue and ending on the vesting date. During the half year ended 30 June 2023 a total of $11,539 was recognised as an expense.
- The issue of 1,375,000 options (Tranche 5) under the Employee Share Option Plan with exercise price of A$0.573 and expiry date of 20 March 2029. The options were issued to CEO on 21 March 2023 and vest on 20 March 2028 provided that the employee of the Company at all times during the period from date of issue and ending on the vesting date. During the half year ended 30 June 2023 a total of $6,825 was recognised as an expense.
- The issue of 365,000 options (Tranche 1) under the Employee Share Option Plan with exercise price of AU$0.33 and expiry date of 1 April 2028. The options were issued on 1 April 2023 and vest on 15 January 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 half-year ended 30 June 2023 a total of $10,757 was recognised as an expense.
- The issue of 365,000 options (Tranche 2) under the Employee Share Option Plan with exercise price of AU$0.40 and expiry date of 1 April 2028. The options were issued on 1 April 2023 and vest on 15 January 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 half-year ended 30 June 2023 a total of $4,481 was recognised as an expense.
- The issue of 365,000 options (Tranche 3) under the Employee Share Option Plan with exercise price of AU$0.50 and expiry date of 1 April 2028. The options were issued on 1 April 2023 and vest on 15 January 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 half-year ended 30 June 2023 a total of $2,674 was recognised as an expense.

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Note 15. Share-based payments (continued)

For the half year ending 30 June 2023 a share-based payment expense of US$290,752 (30 June 2022: US$(158,210)) 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.

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

Grant date	Expiry date	Share price at grant date	Exercise price	Expected Volatility	Dividend yield	Risk-free rate	Fair value at grant date (AU$)	Fair value at grant date (US$)
13/03/2023	01/03/2027	AU$0.230	AU$0.330	85%	N/A	3.21%	AU$72,212	US$48,074
13/03/2023	01/03/2027	AU$0.230	AU$0.400	85%	N/A	3.21%	AU$67,040	US$44,631
13/03/2023	01/03/2027	AU$0.230	AU$0.500	85%	N/A	3.21%	AU$60,980	US$40,597
21/03/2023	20/03/2028	AU$0.230	AU$0.298	85%	N/A	2.95%	AU$293,973	US$197,040
21/03/2023	20/03/2028	AU$0.230	AU$0.367	85%	N/A	2.95%	AU$276,910	US$185,603
21/03/2023	20/03/2028	AU$0.230	AU$0.436	85%	N/A	2.95%	AU$262,387	US$175,870
21/03/2023	20/03/2028	AU$0.230	AU$0.505	85%	N/A	2.95%	AU$249,782	US$167,421
21/03/2023	20/03/2029	AU$0.230	AU$0.573	85%	N/A	2.95%	AU$184,749	US$123,831
01/04/2023	01/04/2028	AU$0.230	AU$0.330	85%	N/A	3.03%	AU$52,199	US$34,886
01/04/2023	01/04/2028	AU$0.230	AU$0.400	85%	N/A	3.03%	AU$49,280	US$32,936
01/04/2023	01/04/2028	AU$0.230	AU$0.500	85%	N/A	3.03%	AU$45,805	US$30,613

	30 June 2023 US$	30 June 2022 US$
Share based payment expense/ (reversal) comprised as follows:		
Reversal of lapsed SBP arrangements	(75,683)	(408,032)
Vesting of options granted in prior periods	208,724	171,383
Vesting of options for the half year	157,711	78,439
Total share-based payments expense/(reversal)	290,752	(158,210)

Note 16. Contingent asset and liabilities

The Group discontinued this arrangement and the related service agreement with its supplier, see note 6. The services provided by the supplier were not in accordance with the statement of works and the Group's end-customer did not accept the project initial deliverable. As a result, a possible obligation of may exist however as there is a dispute over the service provided, no liability has been recognised under the service agreement.
Except from the above there has been no change to contingent assets and liabilities to 30 June 2023.

Note 17. Related party transactions

Transactions with related parties
The related party transactions remained consistent with 31 December 2022 with exception to additional share based payments to KMP as detailed in Note 15.

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

Loans to/from related parties
As detailed in note 7, on 28 December 2022, the 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 was repaid on 14 June 2023.

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Note 18. Matters subsequent to the end of the financial period

In July 2023, the Company raised AU$4 million (US$2.7 million) via private placement offering 19,807,500 ordinary shares at an issue price of A$0.20 per share. (refer to ASX Announcement 26 July 2023). The capital raising will provide significant balance sheet capacity for Dotz to pursue previously announced growth initiatives including the acquisition, development and exploitation of carbon capture technology and importantly, will also strengthen and deepen Dotz' institutional shareholder base (for further details refer to ASX announcement dated 26 of July 2023).

In August 2023 the Company re-assessed the biomedical consumables tagging opportunity following the completion of the first phase of the design and planning of its tagging solution in the Orgenesis mobile processing units and labs (OMPULs). The Company concluded to discontinue the joint-development with Theracell for marking disposable bioprocessing consumables, using on and in-product tagging techniques. The Company's core focus going forward is the oil & gas operators and chemical manufacturers, where Dotz has identified opportunity for its tagging solutions. This resulted in the Company not recognising any revenues from the project. The Group recognized a loss of $100,000 in the first half of 2023 and will not recognize revenues from this collaboration agreement.

On 15 August 2023, the Company announced the completion of the carbon capture technology acquisition. Upon closing, the Company paid US$750,000 in cash, and issued 15.7 million shares to H2 Blue Ltd. and 8 million options.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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The Directors of Dotz Nano Limited declare that:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial period ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

____
Bernie Brookes AM
Chairman

16 August 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dotz Nano Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Dotz Nano Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Material uncertainty related to going concern

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

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Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

BDO Audit (WA) Pty Ltd

BDO

Ashleigh Woodley
Director

Perth

16 August 2023

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