

DC Two Limited and its Controlled Entities
Appendix 4D

1. Name of Entity

DC Two Limited (ABN 30 155 473 304)

Reporting Period

Half-year ended 31 December 2020

Previous Corresponding Reporting Period

Half-year ended 31 December 2019

2. Results for Announcement to Market

Financial results	Up / Down	Change %	2020 \$	2019 \$
Revenue from ordinary activities	Down	2	831,689	845,681
(Loss) after tax from ordinary activities attributable to members	Up	4,244	(1,440,311)	(33,156)
(Loss) attributable to members	Up	4,244	(1,440,311)	(33,156)
Final and interim dividends	It is not proposed that either a final or interim dividend be paid.			
Record date for determining entitlements to the dividend	N/A			
Brief explanation of any of the figures reported above	DC Two commenced trading following a successful Initial Public Offering ('IPO') in November 2020. Since listing on the ASX, the Company has been focused on growth activities, including sales and marketing initiatives to grow the Company's recurring revenue based and expedite development of the Bibra Lake data centre.			

3. Net Tangible Asset per Ordinary Share

Cents

Net tangible asset backing per ordinary share – current reporting period

7.03

Net tangible asset backing per ordinary share – previous reporting period

0.46

4. Control Gained Over Entities

Details of entities over which control has been gained or lost

N/A

5. Dividends Paid and Payable

Details of dividends or distribution payments

No dividends or distributions are payable.

6. Dividend Reinvestment Plans

Details of dividend or distribution reinvestment plans

N/A

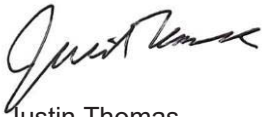
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7. Details of Associates

Details of associates and joint venture entities	N/A
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8. Review Opinion

Details of any audit dispute or qualification	There are no audit disputes or qualifications to the review opinion.
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Justin Thomas
Managing Director
24 February 2021

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DC TWO LIMITED

ABN 30 155 473 304

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

DC Two Limited
Interim Financial Report
For the half-year ended 31 December 2020

CONTENTS

CORPORATE INFORMATION	1
DIRECTORS' REPORT	2
AUDITOR'S INDEPENDENCE DECLARATION	5
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	6
STATEMENT OF FINANCIAL POSITION	7
STATEMENT OF CHANGES IN EQUITY	8
STATEMENT OF CASH FLOWS	9
NOTES TO THE FINANCIAL STATEMENTS	10
DIRECTORS' DECLARATION	16
INDEPENDENT AUDITOR'S REVIEW REPORT	17

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**DC Two Limited
Interim Financial Report
For the half-year ended 31 December 2020**

CORPORATE INFORMATION

Directors

Justin Thomas (Managing Director)
Cameron McLean (Non-Executive Chairman)
Blake Burton (Non-Executive Director)

Company Secretary

Deborah Ho

Registered Office / Principal Place of Business

Unit 301, 396 Scarborough Beach Road
Osborne Park WA 6017

Telephone: +61 8 6141 1011
Email: investors@dctwo.com.au
Website: www.dctwo.com.au

Share Register

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Level 12, 250 St Georges Terrace
Perth WA 6000

Telephone: +61 1300 554 474

Auditor

Grant Thornton Audit Pty Ltd
Central Park
Level 43, 152-158 St Georges Terrace
Perth WA 6000

Solicitors

Nova Legal
Level 2, 50 Kings Park Road
West Perth WA 6005

**DC Two Limited
Interim Financial Report
For the half-year ended 31 December 2020**

DIRECTORS' REPORT

The Directors present their report, together with the interim financial report for DC Two Limited ("DC Two" or the "Company") for the half-year ended 31 December 2020.

Directors

The names of Directors in office at any time during or since the end of the half-year ended 31 December 2020 were as follows:

Name	Position	Date Appointed	Date Resigned
Justin Thomas	Managing Director	2 February 2012	-
Cameron McLean	Non-Executive Chairman	1 September 2020	-
Blake Burton	Non-Executive Director	1 September 2020	-

Principal Activities

DC Two Limited is a vertically integrated revenue generating data centre, cloud and software business that provides data centre and cloud hosted services, data centre hosting and colocation, data centre and cloud automation software and modular data centre and hosting solutions.

Significant Changes in The State of Affairs

In November 2020, the Company listed on the Australian Securities Exchange ("ASX") with the issue of 27,500,000 fully paid ordinary shares at \$0.20 per share as part of its Initial Public Offer ("IPO") for a total consideration of \$5.5 million.

Initial Public Offer ("IPO")

On 28 September 2020, the Company issued a Prospectus for an initial public offer of 27,500,000 share at an issue price of \$0.20 to raise \$5,500,000 (before costs) ("Public Offer"). The Prospectus also incorporated an offer of 7,000,000 shares to the Noteholders (or their nominees) upon conversion of the Convertible Notes ("Noteholder Offer"). The Company entered into a number of convertible note agreements with seed investors ("Noteholders") pursuant to which the Company issued convertible notes to raise a total of \$424,000 (before costs).

Following the completion of the Public Offer, the Company issued the following securities on the 30 October 2020 and was admitted to the official list of the Australian Securities Exchange (ASX) on the 6 November 2020:

- 27,500,000 fully paid ordinary shares at a price of \$0.20 per share pursuant to the Public Offer; and
- 3,000,000 fully paid ordinary shares at a price of \$0.008 per share to the Noteholders (or their nominees) pursuant to the Noteholder Offer; and
- 4,000,000 fully paid ordinary shares at a price of \$0.10 per share to the Noteholders (or their nominees) pursuant to the Noteholder Offer.

Review of Operations

Bibra Lake Development Progression

DC Two has made encouraging progress towards completing the Bibra Lake facility and re-applying for Tier III accreditation, which will help secure mid-market and enterprise customers requiring Tier III compliance, security and accreditations. Once the Bibra Lake facility is online and accredited, DC Two is set to become the only organisation with its own Tier III data centre and multi-tenant cloud platform on the ground in Western Australia.

DIRECTORS' REPORT

Review of Operations (Continued)

DC Two has formally engaged the electrical and mechanical engineers, along with the architect, who were part of the team that worked on the original site design which was developed circa 2013. Since then, there have been two significant (whole of site) design variations which our team is hard at work reverse engineering and auditing.

The DC Two final design will improve the previous Tier III designs to meet current day standards.

While the new engineering designs are being finalised, our team has been preparing the site for the new works to begin. The data centre's old cooling system chillers have been removed in readiness for the new and modern replacements which are critical in maintaining the ideal environmental conditions suitable for continuous and reliable operations.

DC Two anticipates to complete the high-level engineering and design for the site during December 2020 and January 2021 in preparation for ordering larger items, such as chillers and Uninterruptible Power Supply (UPS) systems which will complete the facility fit out.

Business & Corporate Update

Demand for DC Two cloud and data centre services remains strong. The Company is pleased to announce it has recently signed a number of new Reseller Partner Service Agreements, which add to the existing 40+ channel partners already promoting and selling our extensive range of data centre and cloud products.

The new partners service a large enterprise customer base and unlock the potential to grow the quantity of mid-market and enterprise customers hosted within our platforms and facilities. DC Two is currently working with these new partners to identify opportunities for their customers to utilise our technologies, with early-stage discussions already underway with a number of universities, utilities and enterprise customers.

IPO funding has already been directed towards additional growth activities. DC Two recently bolstered its sales team with the appointment of a new sales manager to grow our presence in additional domestic markets and continue to expand channel partners. Discussions are also underway with an award-winning digital marketing agency to supercharge sales and increase brand awareness.

ISO 27001 ISMS Certifications

Development of our ISO 27001 ISMS (Information Security Management System) continues with DC Two anticipating to undertake external audits during Q1 2021. This certification will enable DC Two to manage the security of assets such as financial information, intellectual property, employee details or information entrusted by third parties. Once complete, the DC Two cloud platforms will join a very small list of local cloud platforms and providers with this coveted certification.

DC Modular

Work towards accelerating a number of DC Modular projects is currently underway, some of which have already generated significant customer interest. Feedback from a number of potential future customers has been highly encouraging, clearly illustrating the commercial opportunity to install transportable data centres in close proximity to power generation sites for reduced power prices for lower operating costs.

In addition to customers, DC Two has also received interest from a variety of operators with renewable energy projects who are keen to explore how they can participate in the data centre space and potentially gain further revenues or benefits from their projects.

DIRECTORS' REPORT

Review of Operations (Continued)

DC Soft

DC Two has built an Australian-first automated software reporting tool to accurately report customers monthly usage of Microsoft products - reducing compliance risk and optimising license utilisation to reduce ongoing costs. The Company has begun adding additional software and hardware developer resources to work solely across the DC Soft business unit which will accelerate the final phases of development of our unique tools before they are brought to market.

Corporate

On 7 August 2020, the Company issued 19,656,477 fully paid ordinary shares upon consolidating the issued capital on a 1:7.253 basis. On 20 August 2020, 1,200,000 fully paid ordinary shares were issued at \$0.001 per share, to bring the total number of ordinary shares to 24,000,000 fully paid ordinary shares for the IPO.

Likely Developments and Expected Results of Operations

The Company remains focused on implementing its data centre and cloud platform growth strategies to accelerate and increase revenue and extend our platforms into new markets with our existing products, as well as bringing first revenues online for our DC Modular and DC Soft business units. DC Two is also undertaking ongoing improvements in its manufacturing systems and capacity, in order to be able to meet increased product demand from existing and new markets as it arises.

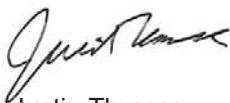
Results for The Period

The Company incurred a net loss after tax for the half-year ended 31 December 2020 of \$1,440,311 (31 December 2019: \$33,156). As at 31 December 2020, the Company recorded a net asset position of \$4,358,577 (30 June 2020: \$163,681). Net operating cash outflows were \$74,894 (31 December 2019: inflows of \$73,791). DC Two ends the financial year with a cash balance of \$4,408,707 (30 June 2020: \$237,081).

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

Signed in accordance with a resolution of the Directors




Justin Thomas
Managing Director
24 February 2021

Auditor's Independence Declaration

To the Directors of DC Two Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of DC Two Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 24 February 2021

Grant Thornton Audit Pty Ltd ACN 130 913 594
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DC Two Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year Ended 31 December 2020

	Note	31 Dec 2020 \$	31 Dec 2019 \$
Sales revenue	3	831,689	845,681
Cost of goods sold		(117,734)	-
		<u>713,955</u>	<u>845,681</u>
Other income	4	163,454	-
Advertising and marketing costs		(58,152)	(588)
Colocation costs		(64,917)	(50,511)
Computer expenses		(24,551)	(7,058)
Consultancy fees		(78,333)	(3,500)
Depreciation and amortisation expenses		(148,262)	(95,101)
Employment costs		(637,168)	(311,444)
Insurance fees		(42,613)	(5,581)
Interest expense		(31,065)	(20,185)
Listing fees		(201,737)	-
Other expenses		(369,005)	(74,425)
Repairs and maintenance costs		(36,382)	(4,803)
Share based payment expenses		(352,765)	-
Subscriptions and licenses fees		(272,770)	(305,641)
		<u>(2,317,720)</u>	<u>(878,837)</u>
Loss before income tax		(1,440,311)	(33,156)
Income tax expense		-	-
Loss after income tax		(1,440,311)	(33,156)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Other comprehensive loss (net of income tax)		-	-
Total comprehensive loss		(1,440,311)	(33,156)
Basic and diluted loss per share	5	(0.034)	(54.00)

The accompanying notes form part of this financial report.

DC Two Limited
Statement of Financial Position
As at 31 December 2020

	Note	31 Dec 2020 \$	30 Jun 2020 \$
Assets			
Current Assets			
Cash and cash equivalents		4,408,707	237,081
Trade and other receivables	6	75,420	226,899
Other assets		6,667	6,667
Total Current Assets		4,490,794	470,647
Non-Current Assets			
Property, plant and equipment	7	176,612	159,330
Right-of-use asset	8	3,021,700	283,064
Other assets		105,600	-
Total Non-Current Assets		3,303,912	442,394
Total Assets		7,794,706	913,041
Liabilities			
Current Liabilities			
Trade and other payables	9	391,342	215,143
Contract liabilities		45,771	45,771
Borrowings		-	126,009
Lease liabilities	10	362,532	85,104
Provisions		221,931	135,984
Total Current Liabilities		1,021,576	608,011
Non-Current Liabilities			
Lease liabilities	10	2,414,553	127,304
Provisions		-	14,044
Total Non-Current Liabilities		2,414,553	141,348
Total Liabilities		3,436,129	749,359
Net Assets		4,358,577	163,682
Equity			
Issued capital	11	5,733,952	314,568
Reserves	12	596,204	380,381
Accumulated losses		(1,971,579)	(531,267)
Total Equity		4,358,577	163,682

The accompanying notes form part of this financial report.

DC Two Limited
Statement of Changes in Equity
For the Half-Year Ended 31 December 2020

	Note	Issued Capital \$	Share Based Payment Reserve \$	Convertible Notes \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2019		171,045	-	-	(322,275)	(151,230)
Loss after income tax		-	-	-	(33,156)	(33,156)
Other comprehensive loss		-	-	-	-	-
Total comprehensive loss for the period		-	-	-	(33,156)	(33,156)
Receipt of convertible notes		-	-	288,000	-	288,000
Balance at 31 December 2019		171,045	-	288,000	(355,431)	103,613
Balance at 1 July 2020		314,568	-	380,381	(531,267)	163,682
Loss after income tax		-	-	-	(1,440,311)	(1,440,311)
Other comprehensive loss		-	-	-	-	-
Total comprehensive loss for the period		-	-	-	(1,440,311)	(1,440,311)
Subscription offer	11	1,200	-	-	-	1,200
Public offer	11	5,500,000	-	-	-	5,500,000
Share issue costs	11	(462,197)	-	-	-	(462,197)
Conversion of convertible notes	11	380,381	-	(380,381)	-	-
Options issued to Directors and employees	12	-	352,765	-	-	352,765
Options issued to lessor	12	-	243,439	-	-	243,439
Balance as at 31 December 2020		5,733,952	596,204	-	(1,971,579)	4,358,577

The accompanying notes form part of this financial report.

DC Two Limited
Statement of Cash Flows
For the Half-Year Ended 31 December 2020

	Note	31 Dec 2020 \$	31 Dec 2019 \$
Cash flows from operating activities			
Receipts from customers		995,186	805,704
Payments to suppliers and employees		(1,209,027)	(715,800)
Receipts from other income		163,454	-
Interest paid		(24,507)	(16,114)
Net cash (used in) / provided by operating activities		(74,894)	73,790
Cash flows from investing activities			
Payments for purchase of plant and equipment		(35,524)	(6,155)
Net cash (used in) investing activities		(35,524)	(6,155)
Cash flows from financing activities			
Proceeds from issue of shares (net)		5,039,003	-
Payment of lease principal		(525,350)	(20,328)
Payment of borrowings		(126,009)	(69,564)
Deposits paid for leased asset		(105,600)	-
Proceeds from issue of convertible note		-	288,000
Net cash provided by financing activities		4,282,044	198,108
Net increase in cash and cash equivalents		4,171,626	264,743
Cash and cash equivalents at the beginning of the half-year		237,081	13,860
Cash and cash equivalents at the end of the half-year		4,408,707	279,603

The accompanying notes form part of this financial report

Note 1: Significant Accounting Policies

General Information and Basis of Preparation

These half-year financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134 *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with AASB 134 ensures compliance with 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 30 June 2020 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, except for the policies stated below.

The interim financial report has been approved and authorised for issue by the Board of Directors on the 24 February 2021.

New, Revised or Amended Accounting Standards and Interpretations

During the half-year ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2020. Accounting pronouncements which have become effective from 1 July 2020 and that have been adopted, do not have a significant impact on the Company's financial results or position.

New accounting policies for the period

Government grant income

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Share based payments

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled.

If the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based arrangement, or is otherwise beneficial to the recipient, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted loss per share.

DC Two Limited
Notes to The Financial Statements
For the half-year ended 31 December 2020

Critical Accounting Judgements, Estimates and Assumptions

When preparing the Interim Financial Report, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the Interim Financial Report, including the key sources of estimation uncertainty, were the same as those applied in the Company's last annual financial statements for the year ended 30 June 2020. The only exceptions are the estimate of income tax liabilities which is determined in the Interim Financial Statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

Note 2: Dividends

There have been no dividends declared or recommended and no distributions made to shareholders or other persons during the period.

Note 3. Revenue

	31 Dec 2020	31 Dec 2019
	\$	\$
Services provided at a point in time	831,689	845,681

Note 4. Other Income

	31 Dec 2020	31 Dec 2019
	\$	\$
Government grants	125,954	-
Cashflow boost	37,500	-
	163,454	-

Note 5. Loss Per Share

	31 Dec 2020	31 Dec 2019
	\$	\$
Loss after income tax	(1,440,311)	(33,156)
	#	#
Weighted average number of ordinary shares	42,166,304	614
	\$	\$
Basic and diluted loss per share	0.034	54.00

As the Company incurred a loss for the period, the options on issue have an anti-dilutive effect, therefore the diluted EPS is equal to the basic EPS. A total of 6,400,000 share options (31 December 2019: nil) which could potentially dilute EPS in the future have been excluded from the diluted EPS calculation because they are anti-dilutive for the current period presented.

DC Two Limited
Notes to The Financial Statements
For the half-year ended 31 December 2020

Note 6. Trade and Other Receivables

	31 Dec 2020	30 Jun 2020
	\$	\$
Trade receivables	169,355	332,851
Less expected credit losses	(106,921)	(106,921)
Prepayments	12,149	132
Other receivables	837	837
	75,420	226,899

Note 7. Property, Plant and Equipment

	31 Dec 2020	30 Jun 2020
	\$	\$
Property improvements – cost	74,386	74,386
Less accumulated depreciation	(21,259)	(18,880)
	53,127	55,506
Plant and equipment – cost	254,298	218,775
Less accumulated depreciation	(130,813)	(114,951)
	123,485	103,824
Total property, plant and equipment	176,612	159,330

Reconciliations

Reconciliations of the written down values at the beginning and end of the current half-year are set out below:

	Property Improvements	Plant and Equipment	Total
	\$	\$	\$
Balance at 1 July 2020	55,506	103,824	159,330
Additions	-	35,523	35,523
Depreciation expense	(2,379)	(15,862)	(18,241)
Balance at 31 December 2020	53,127	123,485	176,612

DC Two Limited
Notes to The Financial Statements
For the half-year ended 31 December 2020

Note 8. Right-Of-Use Asset

	31 Dec 2020	30 Jun 2020
	\$	\$
Cost	3,483,825	615,168
Less accumulated depreciation	(462,125)	(332,104)
	<u>3,021,700</u>	<u>283,064</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current half-year are set out below:

	\$
Balance at 1 July 2020	283,064
Additions	2,868,657
Depreciation expense	(130,021)
Balance at 31 December 2020	<u>3,021,700</u>

The right-of-use assets relates to the leases for the office building in Australia and plant and equipment.

Note 9. Trade and Other Payables

	31 Dec 2020	30 Jun 2020
	\$	\$
Trade payables	255,234	164,379
Accruals	53,927	-
PAYG payable	28,745	10,925
Superannuation payable	34,829	22,282
GST payable	(15,220)	17,557
Other payable	33,827	-
	<u>391,342</u>	<u>215,143</u>

Note 10. Lease Liabilities

	31 Dec 2020	30 Jun 2020
	\$	\$
Current	362,532	85,104
Non-Current	2,414,553	127,304
	<u>2,777,085</u>	<u>212,408</u>

DC Two Limited
Notes to The Financial Statements
For the half-year ended 31 December 2020

Note 11. Issued Capital

	31 Dec 2020		30 Jun 2020	
	No. of Shares	\$	No. of Shares	\$
Fully paid ordinary shares	58,500,000	5,733,952	3,143,523	314,568

Movements in ordinary share capital

	Date	No. of Shares	Issue price (\$)	\$
Balance at 1 July 2020		3,143,523		314,568
Share consolidation (1:7.253)	7 Aug 2020	19,656,477	-	-
Issue of shares	20 Aug 2020	1,200,000	\$0.001	1,200
Public offer	30 Oct 2020	27,500,000	\$0.20	5,500,000
Share issue costs		-		(462,197)
Conversion of convertible notes	30 Oct 2020	3,000,000	\$0.008	24,000
Conversion of convertible notes	30 Oct 2020	4,000,000	\$0.10	400,000
Convertible note costs		-		(43,619)
Balance at 31 December 2020		58,500,000		5,733,952

Note 12. Reserves

	31 Dec 2020	30 Jun 2020
	\$	\$
Share based payment reserve	596,204	-
Convertible notes	-	380,381
	596,204	380,381

Share Based Payment Reserve

	No. of Options	\$
Share-based payment reserve as at 31 December 2020	6,400,000	596,204

Movements in share-based payment reserve

Balance at 1 July 2020	-	-
Options issued to Directors	2,200,000	176,383
Options issued to employees	2,200,000	176,382
Options issued to lessor	2,000,000	243,439
Balance at 31 December 2020	6,400,000	596,204

On 21 September 2020, 2,200,000 unlisted options exercisable at \$0.25 expiring on 6 November 2024, were issued to Directors and 2,200,000 unlisted options exercisable at \$0.25 expiring on 6 November 2024 were issued to staff upon successful listing on ASX. 50% of options vest on 1 January 2021 and the other 50% vest on 1 January 2022.

On 21 September 2020, 2,000,000 unlisted options exercisable at \$0.30 expiring on 31 July 2024, were issued to lessors upon successful listing on ASX. All options vest at grant date.

DC Two Limited
Notes to The Financial Statements
For the half-year ended 31 December 2020

Note 12. Reserves (Continued)

The Company has measured the fair value of the options granted during the current period by adapting a Black-Scholes option pricing model using the following inputs:

Grant Date	Expiry Date	Exercise Price	Share Price	Volatility	Dividend Yield	Risk Free Rate	Fair Value at Grant Date
15 Sep 2020	10 Nov 2024	\$0.25	\$0.20	100%	-	0.315%	\$0.1318
15 Sep 2020	31 Jul 2024	\$0.30	\$0.20	100%	-	0.315%	\$0.1217

Convertible Notes

	31 Dec 2020	30 Jun 2020
	\$	\$
Fully paid convertible notes	-	424,000
Transaction costs	-	(43,619)
	-	380,381

On 30 October 2020, the convertible notes were fully converted to fully paid ordinary shares. With 3,000,000 convertible notes converting at a conversion price of \$0.008 per share, and another 4,000,000 convertible notes converting at \$0.10 per share.

Note 13. Segment Reporting

The Company is considered to be one operating segment based on geographical location of operations. The Board has identified its operating segments based on the internal reports that are used by the Board in assessing performance and in determining the allocation of resources. The information presented in the financial statements approximates the information of the operating segment.

Note 14. Contingent Assets and Liabilities

There were no contingent liabilities or contingent assets as at 31 December 2020 (31 December 2019: nil).

Note 15. Commitments

There were no commitments as at 31 December 2020 (31 December 2019: nil).

Note 16. Events Subsequent to Reporting Period

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that, in their opinion, has significantly affected or may significantly affect in future financial years, the operations of the Company, the results of those operations or the Company's state of affairs.

Note 17. Related Party Transactions

On 21 September 2020, the Company issued 2,200,000 options to Directors as part of their remuneration in accordance with their appointments. Refer to Note 12 for more details.

**DC Two Limited and its Controlled Entities
Consolidated Interim Financial Report
For the half-year ended 30 June 2020**

DIRECTORS' DECLARATION

In the opinion of the Directors of DC Two Limited and its controlled entities:

1. The financial statements and notes, as set out within this financial report, are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year then ended.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to Section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Justin Thomas
Managing Director
24 February 2021

Independent Auditor's Review Report

To the Members of DC Two Limited

Report on the review of the half year-financial report

Conclusion

We have reviewed the accompanying half year financial report of DC Two Limited (the Company), which comprises the statement of financial position as at 31 December 2020 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, 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 DC Two Limited does not comply with the Corporations Act 2001 including:

- (a) giving a true and fair view of the DC Two Limited's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) 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 our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.


Directors' responsibility for the half year 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 24 February 2021