

1. Company details

Name of entity:	DC Two Limited
ABN:	30 155 473 304
Reporting period:	For the year ended 30 June 2021
Previous period:	For the year ended 30 June 2020

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	6% to	1,740,063
Loss from ordinary activities after tax attributable to the owners of DC Two Limited	Up	1,570% to	(3,489,314)
Loss for the year attributable to the owners of DC Two Limited	Up	1,570% to	(3,489,314)

Dividends

No dividend has been declared or paid for the year ended 30 June 2021 (30 June 2020: \$nil).

Brief explanation of any of the figures reported above

The Company recorded \$1,740,063 of revenue for the current year (2020: \$1,856,029). The loss from ordinary activities for the Company after providing for income tax amounted to \$3,489,314 (30 June 2020: \$208,991). Loss from ordinary activities increased mainly due to share based payment expense of \$1.050m, increased employment costs associated with the engagement of additional personnel and overall, an increase in operating expenditure associated with the expansion of the DC Two business and compliance related activities associated with listing on the ASX.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets / (liabilities) per ordinary security	<u>(0.12)</u>	<u>(3.81)</u>

Right-of-use assets recognized under AASB 16 Leases and development costs recognized under AASB 138 Intangible Assets are classified as intangible assets for the purpose of determining the net tangible assets.

4. Control gained over entities

There have been no entities over which control has been gained during the period or previous reporting period.

5. Loss of control over entities

There have been no entities over which control has been lost during the period or previous reporting period.

6. Details of associates and joint venture entities

There were no associates or joint ventures during the period or previous reporting period.

DC Two Limited
Appendix 4E
Preliminary final report

7. Audit qualification or review

The financial statements are in the process of being audited.

Details of audit/review dispute or qualification (if any):

Not applicable

8. Attachments

Details of attachments (if any):

The preliminary final report of DC Two Limited for the year ended 30 June 2021 is attached.

Signature:



Justin Thomas
Managing Director

31 August 2021

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DC TWO LIMITED

ABN 30 155 473 304

**PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

DC Two Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2021

	Note	30 Jun 2021 \$	30 Jun 2020 \$
Sales revenue	2	1,740,063	1,856,029
Cost of goods sold		(117,650)	-
		1,622,413	1,856,029
Other income	3	187,217	50,000
Advertising and marketing costs		(120,083)	(20,568)
Colocation costs		(155,128)	(100,225)
Computer expenses		(12,721)	(16,946)
Consultancy fees		(279,787)	-
Depreciation and amortisation expenses		(539,770)	(229,918)
Employment costs	4	(1,670,166)	(698,406)
Insurance fees		(39,141)	(8,719)
Interest expense		(98,484)	(29,367)
Listing fees		(233,125)	-
Other expenses	5	(523,865)	(428,068)
Repairs and maintenance costs		(15,027)	(4,996)
Share based payment expenses		(1,049,236)	-
Subscriptions and licenses fees		(564,411)	(537,095)
		5,298,944	2,115,020
Loss before income tax		(3,489,314)	(208,991)
Income tax expense		-	-
Loss after income tax		(3,489,314)	(208,991)
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		(3,489,314)	(208,991)
Basic and diluted loss per share		(6.94)	(0.12)

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

DC Two Limited
Statement of Financial Position
As at 30 June 2021

	Note	30 Jun 2021 \$	30 Jun 2020 \$
Assets			
Current Assets			
Cash and cash equivalents		1,891,595	237,081
Trade and other receivables	6	134,592	226,899
Inventory	7	406,384	-
Other assets		78,725	6,667
Total Current Assets		2,511,296	470,647
Non-Current Assets			
Property, plant and equipment		1,495,812	159,330
Right-of-use asset		2,967,502	283,064
Intangible assets		108,460	-
Other assets		112,267	-
Total Non-Current Assets		4,684,041	442,394
Total Assets		7,195,337	913,041
Liabilities			
Current Liabilities			
Trade and other payables		666,773	215,143
Contract liabilities		363,195	45,771
Borrowings		-	126,009
Lease liabilities		459,926	85,104
Provisions		285,290	135,984
Total Current Liabilities		1,775,184	608,011
Non-Current Liabilities			
Lease liabilities		2,398,452	127,304
Provisions		15,615	14,044
Total Non-Current Liabilities		2,414,067	141,348
Total Liabilities		4,189,251	749,359
Net Assets		3,006,086	163,682
Equity			
Issued capital	8	5,733,952	314,568
Reserves		1,292,715	380,381
Accumulated losses		(4,020,581)	(531,267)
Total Equity		3,006,086	163,682

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

DC Two Limited
Statement of Changes in Equity
For the year ended 30 June 2021

	Issued Capital	Share Based Payment Reserve	Convertible Notes	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 30 June 2019	171,045	-	-	(322,275)	(151,230)
Loss after income tax	-	-	-	(208,991)	(208,991)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(208,991)	(208,991)
Conversion of related party loans	143,523	-	-	-	143,523
Issue of convertible notes	-	-	424,000	-	424,000
Issue costs of convertible notes	-	-	(43,619)	-	(43,619)
Balance at 30 June 2020	314,568	-	380,381	(531,267)	163,682
Loss after income tax	-	-	-	(3,489,314)	(3,489,314)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(3,489,314)	(3,489,314)
Subscription offer	1,200	-	-	-	1,200
Public offer	5,500,000	-	-	-	5,500,000
Share issue costs	(462,197)	-	-	-	(462,197)
Conversion of convertible notes	380,381	-	(380,381)	-	-
Options issued to Directors and employees	-	433,433	-	-	433,433
Options issued to lessor	-	243,439	-	-	243,439
Options issued to corporate advisor	-	615,843	-	-	615,843
Balance at 30 June 2021	5,733,952	1,292,715	-	(4,020,581)	3,006,086

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

DC Two Limited
Statement of Cash Flows
For the year ended 30 June 2021

	Note	30 Jun 2021 \$	30 Jun 2020 \$
Cash flows from operating activities			
Receipts from customers		2,160,275	1,620,850
Payments to suppliers and employees		(3,613,573)	(1,629,331)
Receipts from other income		176,605	50,000
Interest paid		(96,484)	(29,627)
Net cash (used in) / provided by operating activities		(1,373,177)	11,892
Cash flows from investing activities			
Payments for purchase of plant and equipment		(1,405,829)	(70,070)
Payments for development costs		(108,460)	-
Net cash (used in) investing activities		(1,514,289)	(70,070)
Cash flows from financing activities			
Proceeds from issue of shares (net)		5,039,003	-
Proceeds from issue of options		40	-
Payment of lease principal		(265,454)	-
Payment of borrowings		(126,009)	(98,982)
Deposits paid for leased asset		(105,600)	-
Proceeds from issue of convertible note		-	380,381
Net cash provided by financing activities		4,541,980	281,399
Net increase in cash and cash equivalents		1,654,514	223,221
Cash and cash equivalents at the beginning of the year		237,081	13,860
Cash and cash equivalents at the end of the year		1,891,595	237,081

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

Note 1. Significant Accounting Policies

General

These financial statements and notes represent those of DC Two Limited (the "Company").

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. DC Two Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Compliance with the Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected financial assets and financial liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

The financial statements have been presented in Australian dollars (AUD), which is the functional currency of the Company.

The preliminary financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide a full understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report. Accordingly, this report is to be read in conjunction with the accompanying notes, the 2020 Annual Report, the 2021 Interim Financial Report and any public announcements made by DC Two Limited in accordance with the continuous disclosure obligations of the ASX listing rules.

This financial report has been prepared on the going concern basis. The accounting policies have been applied consistently for the purposes of preparation of the financial statements.

Note 2. Revenue

	30 Jun 2021	30 Jun 2020
	\$	\$
<u>Sales Revenue</u>		
Services provided at a point in time	1,740,063	1,856,029

Note 3. Other Income

	30 Jun 2021	30 Jun 2020
	\$	\$
Government grant	125,954	-
Other grants – cashflow boost	50,000	50,000
Sundry income	11,263	-
	187,217	50,000

DC Two Limited
Notes to the Financial Statements
For the year ended 30 June 2021

Note 4. Employment Costs

	30 Jun 2021	30 Jun 2020
	\$	\$
Salaries and Wages	1,475,195	641,921
Superannuation	124,034	56,485
Other	70,937	-
	1,670,166	698,406

Note 5. Other Expenses

	30 Jun 2021	30 Jun 2020
	\$	\$
Allowance for impairments of receivables	10,612	86,160
Listing costs	-	5,000
Other	108,741	29,248
Pod expenses	16,973	34,212
Telecommunications	165,571	162,482
Travel	14,996	3,730
Utilities	206,972	107,236
	523,865	428,068

Note 6. Trade and Other Receivables

	30 Jun 2021	30 Jun 2020
	\$	\$
Trade receivables	212,665	332,851
Less expected credit losses	(117,533)	(106,921)
	95,132	225,930
GST receivable	31,634	-
Sundry debtors	7,826	837
Prepayments	-	132
	134,592	226,899

Note 7. Inventory

	30 Jun 2021	30 Jun 2020
	\$	\$
Goods-in-transit	406,384	-

DC Two Limited
Notes to the Financial Statements
For the year ended 30 June 2021

Note 8. Issued Capital

	2021		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 30 June 2019		614		171,045
Conversion of related party loans	2 Dec 2019	3,142,909	0.046	143,523
Balance at 30 June 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 ¹	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 30 June 2021		58,500,000		5,733,952