



APPENDIX 4E

PRELIMINARY FINAL REPORT

1. DETAILS OF REPORTING PERIOD

Name of Entity	DC Two Limited (“the Company”)
ABN	30 155 473 304
Reporting Period	30 June 2022
Previous Corresponding Period	30 June 2021

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key information	12 months ended 30 June 2022	12 months ended 30 June 2021	Increase %	Amount change \$
Revenues from ordinary activities	4,243,217	1,740,063	144%	2,503,154
Loss from ordinary activities after tax attributable to members	4,338,785	3,555,722	20%	695,293
Loss for the period attributable to members	4,338,785	3,555,722	20%	695,293
Net tangible deficiency per share	(1.37c)	(0.36c)	1,103%	(1.01c)

	Amount Per Security	Franked Amount Per Security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Previous Corresponding Period	Nil	Nil
Record Date for Determining Entitlements	Not Applicable	

3. STATEMENT OF COMPREHENSIVE INCOME

Refer to attached financial statements.

4. STATEMENT OF FINANCIAL POSITION

Refer to attached financial statements.

5. STATEMENT OF CASH FLOWS

Refer to attached financial statements.

6. STATEMENT OF RETAINED EARNINGS/CHANGES IN EQUITY

Refer to attached financial statements.

7. DIVIDENDS/DISTRIBUTIONS

No dividends declared in current or prior year.



8. DETAILS OF DIVIDEND REINVESTMENT PLANS

Not Applicable

9. NET TANGIBLE LIABILITY PER SHARE

	Current Period	Previous Period
Net tangible deficiency per ordinary security	(1.37) cents	(0.36) cents

10. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

Control gained over entities

Name of entity (or group of entities)	N/A
Date control gained	N/A
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)	N/A
Profit/(loss) of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material)	N/A

Loss of control over entities

Name of entity (or group of entities)	N/A
Date control lost	N/A
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)	N/A
Profit/(loss) of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material)	N/A

11. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Name of associate or joint venture entity	N/A
Reporting entity's percentage holding in this entity	N/A
Contribution to net profit/(loss) (where material)	N/A
Aggregate share of profits/(losses) of the above entity (where material)	N/A

12. ANY OTHER SIGNIFICANT INFORMATION NEEDED BY AN INVESTOR TO MAKE AN INFORMED ASSESSMENT OF THE COMPANY'S FINANCIAL PERFORMANCE AND FINANCIAL POSITION

Refer to attached financial statements.

13. FOREIGN ENTITIES

Not Applicable



14. COMMENTARY ON RESULTS FOR PERIOD AND EXPLANATORY INFORMATION

DC Two Limited had a loss for the year of \$4,338,785 (2021 \$3,555,722). Included in this loss are non-cashflow items consisting of share-based payment expenses resulting from the cancellation of 5,000,000 management performance rights \$1,302,440 (2021 \$1,049,236), as well as depreciation expenses of \$1,171,874 (2021 \$539,770).

At 30 June 2022 the company's cash and cash equivalents were \$600,675 (2021 \$1,891,595).

As announced to the market on 2nd May 2022 the company is in the process of seeking shareholder approval to issue \$1,248,500 Tranche 2 Convertible notes. Binding commitments from investors for \$887,500 and the issue of \$361,000 for director loans which have been previously advanced to the company.

15. AUDIT

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

Blake Burton
Managing Director

Dated 31 August 2022

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**PRELIMINARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	30 Jun 2022	30 Jun 2021
		\$	\$
Sales revenue		4,243,217	1,740,063
Cost of goods sold		(2,923,388)	(1,142,813)
		1,319,829	597,250
Other income		156,870	187,217
Advertising and marketing costs		(297,022)	(120,084)
Consultancy fees		(372,892)	(279,787)
Depreciation and amortisation expenses		(1,171,874)	(539,770)
Employment costs		(1,885,176)	(1,718,506)
Insurance fees		(97,576)	(39,991)
Interest expense		(216,039)	(96,484)
Listing costs		(44,922)	(211,185)
Other expenses		(374,001)	(238,414)
Repairs and maintenance costs		(8,726)	(34,030)
Remote data centre expenses		(36,358)	-
Share based payment expenses		(1,302,440)	(1,049,236)
Subscriptions and licenses fees		(8,458)	(12,703)
		(5,815,484)	(4,340,190)
Loss before income tax		(4,338,785)	(3,555,722)
Income tax expense		-	-
Loss after income tax		(4,338,785)	(3,555,722)
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		(4,338,785)	(3,555,722)
Basic and diluted loss per share		(6.26)	(7.07)

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



PRELIMINARY STATEMENT FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	30 Jun 2022 \$	30 Jun 2021 \$
Assets			
Current Assets			
Cash and cash equivalents	2	600,675	1,891,595
Trade and other receivables	3	403,375	134,592
Inventory		123,438	406,384
Other assets		34,813	78,725
Total Current Assets		1,162,301	2,511,296
Non-Current Assets			
Property, plant and equipment	4	3,640,443	1,495,812
Right-of-use asset		3,007,673	2,967,502
Intangible assets		263,634	108,460
Other assets		112,267	112,267
Total Non-Current Assets		7,024,017	4,684,041
Total Assets		8,186,318	7,195,337
Liabilities			
Current Liabilities			
Trade and other payables	5	1,289,407	733,181
Contract liabilities		44,566	363,195
Other financial liabilities		361,000	-
Lease liabilities		726,096	459,926
Provisions		426,157	285,290
Total Current Liabilities		2,847,226	1,841,592
Non-Current Liabilities			
Other financial liabilities		502,500	-
Lease liabilities		2,580,285	2,398,452
Provisions		14,827	15,615
Total Non-Current Liabilities		3,097,612	2,414,067
Total Liabilities		5,944,838	4,255,659
Net Assets		2,241,480	2,939,678
Equity			
Issued capital	6	8,072,098	5,733,952
Reserves		2,595,155	1,292,715
Accumulated losses		(8,425,773)	(4,086,989)
Total Equity		2,241,480	2,939,678

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



PRELIMINARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 Jun 2022 \$	30 Jun 2021 \$
Cash flows from operating activities			
Receipts from customers		3,655,704	2,160,275
Payments to suppliers and employees		(4,953,694)	(3,613,573)
Receipts from other income		156,971	176,605
Interest paid		(216,039)	(96,484)
Net cash used in operating activities		(1,357,058)	(1,373,177)
Cash flows from investing activities			
Payments for purchase of plant and equipment		(2,291,311)	(1,405,829)
Payments for development costs		(155,174)	(108,460)
Net cash (used in) investing activities		(2,446,485)	(1,514,289)
Cash flows from financing activities			
Proceeds from issue of shares (net)		2,368,297	5,039,003
Proceeds from issue of options		-	40
Payment of lease principal		(689,024)	(265,454)
Receipt/(Payment) of borrowings		361,000	(126,009)
Deposits paid for leased asset		-	(105,600)
Proceeds from issue of convertible note (net)		472,350	-
Net cash provided by financing activities		2,512,623	4,541,980
Net increase in cash and cash equivalents		(1,290,920)	1,654,514
Cash and cash equivalents at the beginning of the year		1,891,595	237,081
Cash and cash equivalents at the end of the year		600,675	1,891,595

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



**PRELIMINARY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Issued Capital	Share Based	Convertible	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 30 June 2020	314,568	-	380,381	(531,267)	163,682
Loss after income tax	-	-	-	(3,555,722)	(3,555,722)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(3,555,722)	(3,555,722)
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	-	(4,086,989)	2,939,678
Loss after income tax	-	-	-	(4,338,785)	(4,338,785)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(4,338,785)	(4,338,785)
Share Issue - Public offer	2,500,000	-	-	-	2,500,000
Share issue costs	(161,854)	-	-	-	(161,854)
Options issued to Directors and employees	-	1,302,440	-	-	1,302,440
Balance at 30 June 2022	8,072,098	2,595,155	-	(8,425,773)	2,241,480

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



PRELIMINARY NOTES FOR THE YEAR ENDED 30 JUNE 2022

Note 1. Significant Accounting Policies

General

These financial statements and notes represent those of DC Two Limited (the "Company". The financial report was authorised for issue by the Board on 31 August 2022.

Basis of Preparation

This preliminary financial report has been prepared in accordance with Australian Securities Exchange Listing Rules as they relate to the Appendix 4E and in accordance with the recognition and measurement requirements of the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

As such, this preliminary financial report does not include all the notes of the type included in an annual financial report and accordingly, should be read in conjunction with the annual report for the year ended 30 June 2022 and with any public announcement made by DC Two Limited during the period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year

Note 2. Cash and Cash Equivalents

	30 Jun 2022	30 Jun 2021
	\$	\$
Cash in bank and on hand	600,675	1,891,595

Note 3. Trade and Other Receivables

	30 Jun 2022	30 Jun 2021
	\$	\$
Trade receivables	422,579	212,665
Less expected credit losses	(20,333)	(117,533)
	402,249	95,132
GST receivable	-	31,634
Sundry debtors	1,129	7,826
	403,375	134,592

PRELIMINARY NOTES FOR THE YEAR ENDED 30 JUNE 2022

Note 4. Property, Plant and Equipment

	Property Improvements \$	Plant & Equipment \$	Capital Work in Progress \$	Total \$
Cost	308,942	3,954,517	-	4,263,459
Less accumulated depreciation	(66,922)	(556,094)	-	(623,016)
	242,020	3,398,423	-	3,640,443
<i>Cost</i>				
Balance at 30 June 2021	293,652	986,614	418,724	1,698,990
Additions	15,290	2,967,903	(418,724)	2,564,469
Disposals	-	-	-	-
Balance at 30 June 2022	308,942	3,954,517	-	4,263,459
<i>Accumulated Depreciation</i>				
Balance at 30 June 2021	28,547	174,631	-	203,178
Depreciation	38,375	381,463	-	419,838
Disposals	-	-	-	-
Balance at 30 June 2022	66,922	556,094	-	623,016

Note 5. Trade and Other Payables

	30 Jun 2022 \$	30 Jun 2021 \$
Trade payables	960,405	291,732
Accruals	126,315	250,006
PAYG payable	39,882	116,026
Superannuation payable	96,179	51,503
Other payables	66,626	23,914
	1,289,407	733,181

Trade payables are due to third parties, unsecured, interest-free and repayable according to credit terms of 30-60 days (2021: 30 days). The carrying amounts of trade payables approximate their fair value.



PRELIMINARY NOTES FOR THE YEAR ENDED 30 JUNE 2022

Note 6. Issued Capital

	30 Jun 2022		30 Jun 2021	
	No. of Shares	\$	No. of Shares	\$
Fully paid ordinary shares	75,166,666	8,072,098	58,500,000	5,733,952
<i>Movements in ordinary share capital</i>				
	Date	No. of Shares	Issue price (\$)	\$
Balance at 1 July 2021		58,500,000		5,733,952
Issue of shares	6 Oct 2021	8,774,984	\$0.15	1,316,248
Issue of shares	4 Dec 2021	7,891,682	\$0.15	1,183,752
Share issue costs		-		(161,854)
Balance at 30 June 2022		<u>75,166,666</u>		<u>8,072,098</u>

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