



**DataDot<sup>®</sup>**  
**TECHNOLOGY**

**APPENDIX 4E**  
**Consolidated Financial Report**  
**for the year ended 30 June 2021**

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Reporting period Year ended 30 June 2021

Previous reporting period Year ended 30 June 2020

| Results for announcement to the market                                                                 | 2021      | 2020      | Change    | Change   |
|--------------------------------------------------------------------------------------------------------|-----------|-----------|-----------|----------|
|                                                                                                        | \$        | \$        | \$        | %        |
| Revenues from ordinary activities                                                                      | 3,896,113 | 3,774,569 | 121,545   | 3.22%    |
| Gross Margin                                                                                           | 2,483,985 | 2,176,818 | 307,167   | 14.11%   |
| Expenses                                                                                               | 1,294,644 | 2,191,044 | 896,400   | 40.91%   |
| EBITDA                                                                                                 | 1,494,733 | 309,385   | 1,185,348 | 383.13%  |
| Profit /(Loss) from ordinary activities after tax attributable to owners of DataDot Technology Limited | 1,234,982 | 29,203    | 1,205,779 | 4128.96% |
| Profit / (Loss) for the year attributable to the owners of DataDot Technology Limited                  | 1,234,982 | 29,203    | 1,205,779 | 4128.96% |
| Net tangible assets per ordinary security                                                              | 0.0025    | 0.0001    | 0.0024    | 2400.00% |

**Dividends**

No dividends were paid or made payable during the year ended or since 30 June 2021.

**Commentary**

Please refer to the attached commentary and consolidated financial statements for the year ended 30 June 2021.

**Other information***Control gained over entities having a material effect*

N/A

*Loss of control over entities having a material effect*

N/A

*Dividend or distribution reinvestment plans*

N/A

*Details of associates and joint venture entities*

Please refer to the attached controlled entities note in the financial statements for the year ended 30 June 2021.

*Audit status*

This report is based on audited financial statements.

*Attachments*

Additional disclosure requirements can be found in the notes to the attached consolidated financial statements.

Signed By



Ray Carroll - Chairman

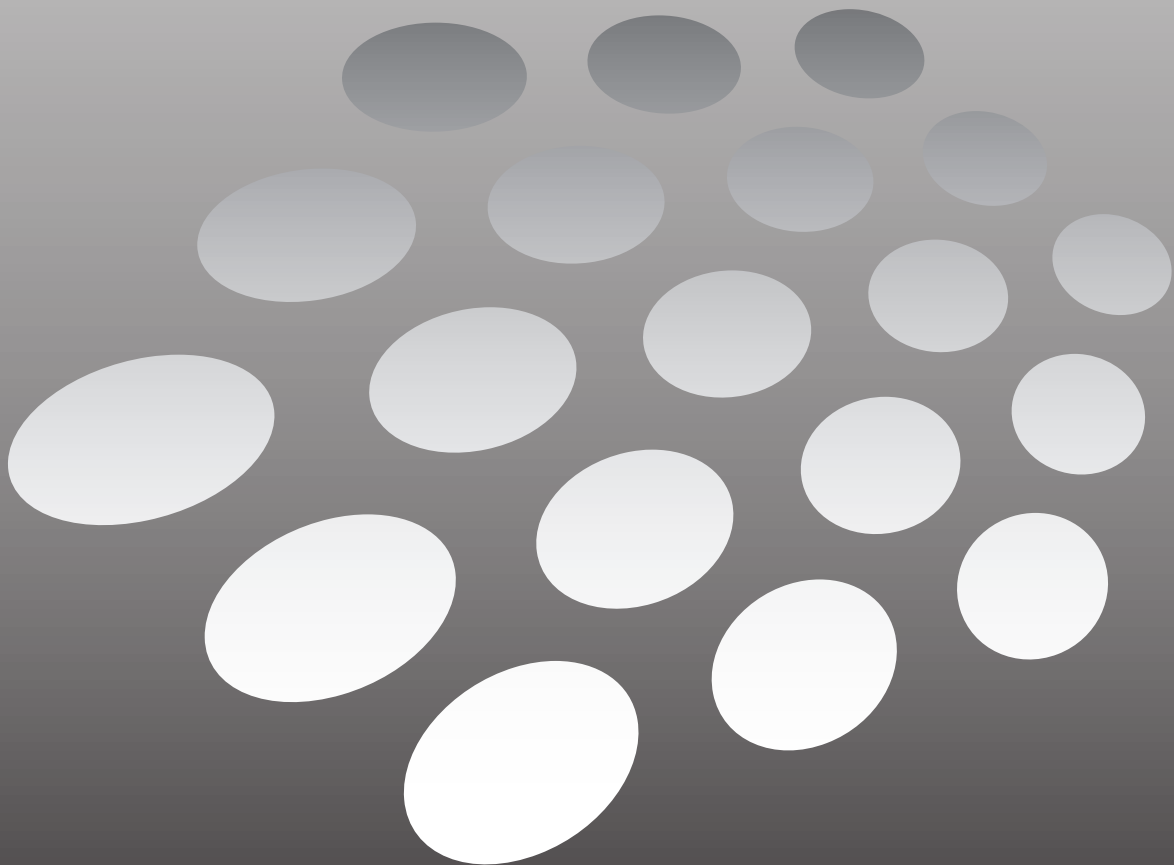
23 August 2021



## **Financial Report 2021**

Financial Year Ended 30 June 2021

ABN 54 091 908 726



**Directors**

The Directors present their report together with the financial statements of the consolidated entity comprising DataDot Technology Limited and the entities it controlled (the "consolidated entity") for the financial year ended 30 June 2021.

The following persons were directors of DataDot during the financial year and up to the date of this report, unless otherwise stated:

- Ray Carroll
- Brad Kellas
- David Lloyd

**Principal activities**

The principal activities of DataDot during the year were:

- (a) to manufacture and distribute asset identification and digital protection solutions that include:

DataDotDNA® - polymer and metallic microdots containing data that is unique to the assets to which the microdots are attached;

Asset Registers - databases that record asset identification data and are accessible by law enforcement agencies and insurance investigators,

VAULT asset protection products and services

- (b) to manufacture and distribute high security DataTraceID® authentication solutions; and
- (c) To develop and distribute customised solutions combining DataDotDNA, DataTraceID, asset registration and/or other technologies.

There has been no significant change in the nature of the Company's activities during the year.

**Dividends**

The Directors recommend that no dividend be paid. No dividends have been declared or paid during the period.

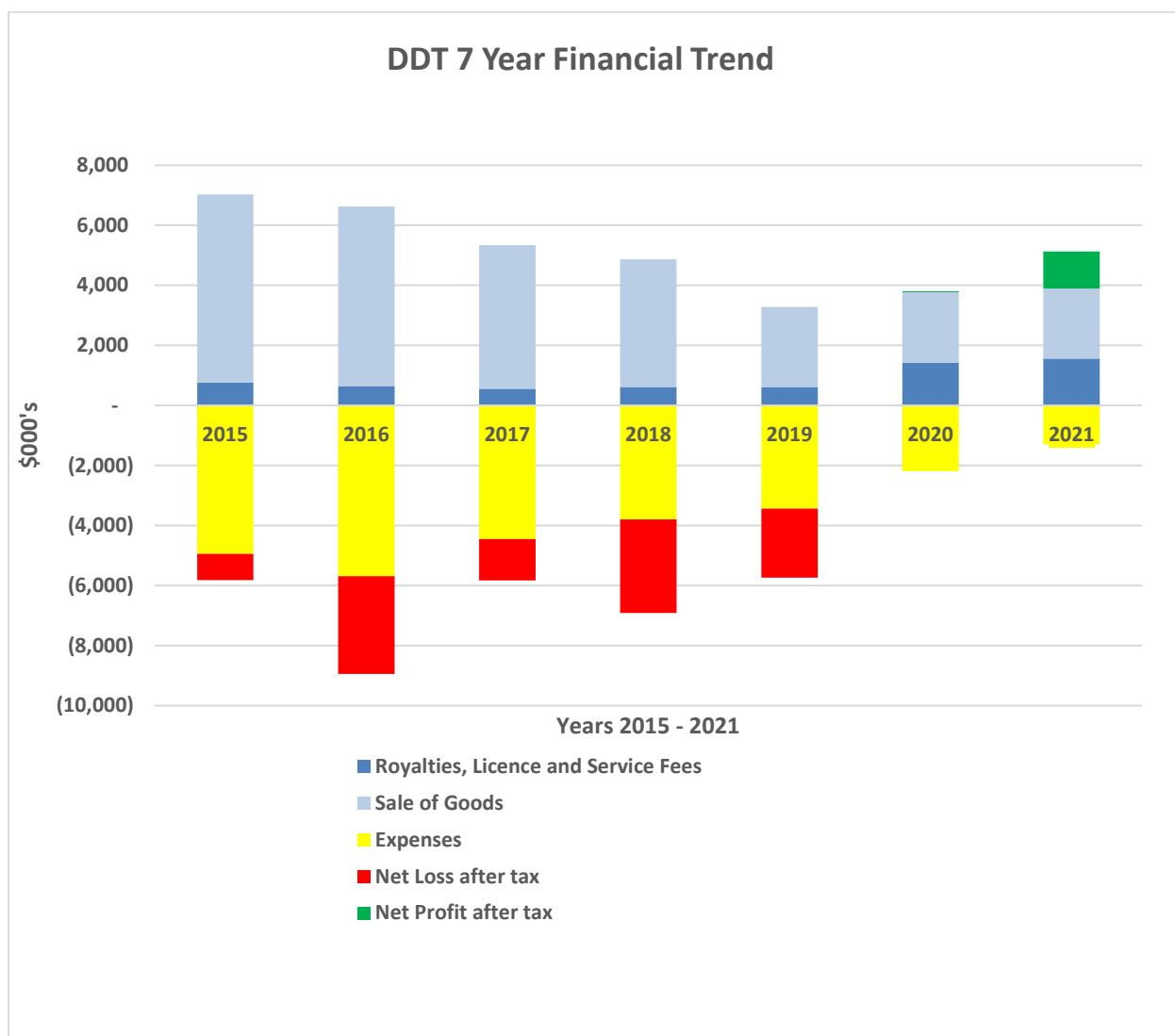
**Review of operations**

The Directors are pleased to report that for the financial year ending 30 June 2021 the Group has earned a net Profit After Tax of \$1,234,982.

This is a significant improvement when compared to the \$29,203 net Profit in FY 2020 and the loss of \$2.3m in 2019.

The improvement has been delivered by a combination of factors; mostly as a result of the Board and Executive's extensive restructuring activities since assuming control of the Company in May 2019 and being positioned to capitalise on revenue opportunities.

The following chart summarises the major trends in the financial performance of the group in the years leading to the change of the Board in May 2019, and subsequently.



### Revenues and Gross Profit Margins

Total revenue for the Group in FY 2021 was \$3,896,113, an increase of 3.2% over FY 2020.

While the Group's total product sales declined by approximately 2%, this has been more than offset by substantial savings in the cost of goods sold through the redesign and renegotiation of product components and pricing. This has resulted in an increase in the gross profit margin of 7.4% on these sales.

Royalties and License Fees form a significant part of the Company's business model and are substantially derived from our licensees and distributors overseas. Over the past two years there has been growing interest in the automotive sector for microdot fitment, particularly in European markets. We have worked closely with and supported our international distributors to secure the benefits from these opportunities; resulting in an increase in these revenue streams for FY 2021 of 9.9%.

**Operating Costs**

The Board's focus on cost reduction that commenced in FY 2020 has continued throughout FY 2021. Since this process commenced it has included the downsizing and relocation of the Sydney head office and manufacturing plant, the closure of the USA manufacturing and sales facility and the centralization to Sydney of the management (including sales management) of our UK operation. The savings from these structural and organisational re-alignments, combined with a focus on COGS reductions have been realised in FY2021 and will continue to make a significant contribution to the Group's financial performance going forward.

Other notable cost reductions during FY 2021 compared to the FY 2020 include one-off items such as travel expenses. In FY 2020 expenses of approximately \$90,000 were incurred due to the imperative of the Chairman and Managing Director to travel to the USA, Europe and UK to establish relationships with distributors, customers and overseas staff. In addition, Australian staff were required to travel to the USA for an extended period to manage the closure of the manufacturing facility. Other one-off restructuring costs that totaled approximately \$130,000 in FY 2020 were not incurred in FY 2021.

Improved debtors control throughout FY 2020 and into FY 2021 has not only negated the need for additional bad and doubtful debt provisions in FY 2021 but has also led to the write back of some previous provisions.

**Capital Management**

The Company undertook a restructure of its capital base in May and June 2020. This consisted of the conversion of Convertible Notes to ordinary shares, and a placement and rights issue. Prior to this restructure, the Company had issued \$1,150,000 in notes that had been attracting a finance charge at 8%. In FY 2021 there were no debt instruments subject to interest payments and this has made a further contribution to the FY 2021 result compared to FY 2020.

The FY 2020 capital raising combined with the profit earned during the FY 2021 year has significantly strengthened the net assets of the group from \$1,911,863 at 30 June 2020 to \$3,173,457 at 30 June 2021.

The cash and cash equivalents available to the group improved during FY 2021 from \$1,005,324 to \$2,328,358. The Board is cognisant of its responsibility to effectively manage this elevated cash balance to invest in growth opportunities and/or capital management activities while maintaining the long-term financial stability of the group.

**Outlook**

While the Board is pleased with the turnaround in the Company's financial performance since May 2019 it is well aware that the FY 2021 result has primarily been achieved through a significant reduction of the Company's cost base supported by improved revenue streams from a small number of international clients; largely in the automotive sector.

Importantly, the turnaround has now placed the Company in a much stronger financial position that enables the Board and Executive to place greater emphasis on, and apply additional resources towards, generating future revenue growth across all product lines.

The Company's much improved profit result for FY 2021 provides a strong basis for a positive outlook in FY 2022 and beyond with a clear focus on four main areas:

1. Working with our global partners and distributors to pursue new opportunities to grow our international customer base for the microdot and trace product lines;
2. Leveraging PropertyVAULT's growing public profile and on-line traffic to grow our direct-to-consumer and wholesale product sales and expand our revenue streams from additional advertising and insurance agreements;
3. Undertaking new investment in revenue focused activities including sales and marketing and assessment of new product lines that can be aligned with our existing core business; and
4. Ensuring continuous improvement in the technical performance and cost effectiveness of our products and their application processes.

Microdot sales to the automotive sector have historically been, and for the medium term, remain the mainstay of the Company's revenue base. In FY 2021 direct sales and royalty receipts related to this sector made up 60% of total revenue. Pleasingly we have been able to generate expressions of interest from potential new clients in this sector during the second half of FY 2021.

Due to the complexities of automotive manufacturing, progressing from client interest to securing a sales contract is subject to passing extensive testing regimes and the development of individualised application and logistical solutions that meet the clients' requirements. While this work is well underway it is the Company's experience that invariably there are long lead times before a potential automotive client will make a decision to proceed. In the event the Company is successful in securing one or more of these prospective clients, any revenue stream, while potentially significant, is unlikely to materialise before the second half of FY 2022.

During FY 2021, the Company also entered into (or commenced negotiation and testing) for a number of exclusive supply contracts (utilising microdot and trace products) for new clients with bespoke consumer and industrial product applications. While promising, sales to these clients will be dependent on their commencement date and the client's eventual success in their own market spheres. Therefore, pending evidence of the likely level of repeat business, no forecasts for potential revenue from these contracts have been made for FY 2022.

As part of the Board's aim to better meet existing and future clients' technical and logistical requirements for microdot application, considerable research and development was undertaken during FY 2021 to improve our microdot application processes. This work has resulted in a new spray applicator design that reduces application time, saves around 40% of adhesive, reduces waste, and gives a substantially improved finish. This has been the first major improvement in this process since the applicator was first developed in the early 2000's. It will be transitioned to existing and new clients throughout FY 2022 and is anticipated to deliver further COGS savings and greater customer satisfaction; which in turn will support the sales process.

Work has continued throughout FY 2021 to facilitate revenue generation via our partnership with PropertyVAULT. This has focused on refining the functionality of PropertyVAULT's registration and stolen property portal, including its on-line and social media sales portals, to promote traffic and grow direct sales of the Company's identification and related security products to the public.

The BikeVAULT portal, as the most mature portal of PropertyVAULT's suite of property categories, has been the test bed for assessing the multiple avenues for revenue generation via PropertyVAULT.

Registration and listings of stolen bikes have remained strong. Recoveries of stolen bikes have increased through a combination of improved public and police awareness of the site, increased user notifications, electronic surveillance of online sales, and implementation of an in-house stolen property vetting and identification process. The site is currently attracting approximately 100,000 on-line and social media interactions per month.

In FY 2021 DataDot entered into a distribution agreement with Jet Black to market the VAULT range of locks and bike identification kits. Jet Black is one of Australia's largest cycling related distribution companies, servicing 800 bike shops nationally. To date, Jet Black have placed VAULT's identification and bike lock products into 80 retail outlets across Australia. With the imminent arrival of a new extended range of combined VAULT locks and identification kits we anticipate an expansion of this retail coverage and associated revenue growth through FY 2022.

We have also strengthened our relationship and commercial arrangements with Velosure Insurance and have become one of Velosure's largest external referral sources for specialist bike insurance. To further support the value proposition from our VAULT product offerings and our on-going relationship with Velosure we have expanded the Theft Excess Rebate program that is available to Subaru customers, to Velosure customers who purchase our products and Velosure insurance via our portal.

Throughout FY 2022, using the learnings from the BikeVAULT refinements, the Company will focus on replicating this model with adaptations to suit each property category. Each property portal will promote bespoke identification kits, and where appropriate, related security products; via direct on-line sales, wholesaler or manufacturing agreements and retail offerings.

The Company will also seek to establish commercial arrangements with other specialty insurers to generate advertising and referral revenue streams, and for the higher valued classes of insured property such as marine, caravans, plant and equipment and specialty vehicles, recovery and salvage service charges.

To date, the Company has been fortunate not to have suffered a material disruption to its operations from the Covid 19 pandemic. However, the Board cannot discount the possibility of a negative impact if the virus escalates, particularly in our key markets of South Africa, Europe, and UK.

Notwithstanding the above caveats associated with these new and prospective sales opportunities, the Board has reason to be optimistic regarding the prospect of increased revenue streams in FY 2022. The Board will also continue to investigate other strategic opportunities to provide value for all shareholders.

The Board also takes this opportunity to thank its small team of dedicated staff who have made a major contribution to the Company's turnaround.

**Significant changes in the state of affairs**

Other than as set out in the Review of Operations there have been no significant changes in the state of affairs of the group.

**Matters subsequent to the end of the financial year**

The Covid 19 pandemic has continued to provide an uncertain business environment since the end of the financial year on 30 June 2021.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs.

**Environmental regulation**

The consolidated entity is not subject to any significant environmental regulations under Australian Commonwealth or State Law.

**Director profiles*****Mr Raymond Carroll****Chairman – appointed 13 May 2019*

Ray was the driving force behind the establishment and success of Australia's National Motor Vehicle Theft Reduction Council (NMVTRC) and served as its Executive Director for over 19 years. He is an internationally recognised authority on developing and implementing strategic solutions to crime issues and holds a Bachelor's Degree in Criminal Justice Administration.

In his former role, Ray devised the world's first comprehensive criteria and performance specification for whole of vehicle marking. His endorsement and advocacy for DataDot's micro-dot identification system nationally and internationally was the catalyst for the acceptance and growth of micro-dot identification in multiple markets across the world.

Ray's appointment brings to the Company an unsurpassed level of experience in fostering collaboration across multiple industry sectors, government agencies and the community sector to achieve desired outcomes. Ray secured and managed over \$40 million dollars in direct funding to the NMVTRC and generated over \$600 million expenditure by government agencies and motor related industries to implement NMVTRC facilitated reforms. During his tenure, vehicle crime in Australia reduced by over 70% delivering on-going insurance and community savings of more than \$400 million per year in vehicle crime related costs.

***Mr Bradley Charles Kellas****Managing Director – appointed 13 May 2019*

Brad is the founder of Property Vault International Pty Ltd and a decorated former Detective from the Victoria Police with 21 years' experience. For most part of his policing career he specialised in organised crime, corporate fraud, kidnapping, blackmail, extortion, product contamination and large-scale stolen property investigations.

Post his policing career, he used his entrepreneurial, investigative and analytical skills to develop a unique trading strategy capitalising on global market fluctuations and worked full time as a successful proprietary trader for a large investment firm for 5 years.

In 2015, Brad saw the opportunity that social media and a custom-built platform combined with a specialist service could have on countering bike theft and property crime in general. In late 2015, he put his trading career on hold and commenced a fulltime commitment to developing the BikeVAULT website (prelude to PropertyVAULT) coupled to a specialist victim and police service solution. BikeVAULT is now the number one platform and service to counter bike theft in Australia, with recoveries exceeding \$1.5 million.

Understanding the integral relationship of both physical and digital identification to combat crime, Brad saw the value proposition of an alignment with DataDot, which subsequently resulted in him becoming the largest shareholder with a 17.05% holding and instigating an EGM in May 2019, which resulted in the change of management and direction of DataDot.

**Mr David Lloyd** B.Sc. (ANU), Grad Dip Business (UQ), MBA with Distinction (INSEAD)  
*Non-Executive Director – appointed 13 May 2019*

David is an experienced senior executive specialising in strategy, new technologies, business development, ventures and partnerships, whose skills will be essential for successfully turning around the DataDot business by leveraging an alliance with PropertyVAULT.

As a senior executive at Qantas and previously Virgin Blue and Virgin Australia, David has been the architect of several high-profile alliances with other airlines as well as a joint venture with the Government of Samoa, demonstrating his ability to build valuable commercial relationships. While at Virgin Blue he also designed the Velocity Frequent Flyer program, valued at approximately \$1 billion in its partial sale to a private equity partner and which continues to be the most profitable unit of Virgin Australia. Subsequently at Virgin he developed the business cases for fleet orders worth over USD2 billion and the establishment of a new international business.

More recently while at Qantas, David has mentored businesses in its tech accelerator program, overseen commercial relationships with start-up and scale-up businesses including those in which Qantas has taken equity stakes and warrants, and is working on externally commercialising the Company's own innovations.

Previously David has worked internationally as a consultant with the Boston Consulting Group and Arthur Andersen Business Consulting and was a project manager for the Sydney Organising Committee for the Olympic Games. He is an internationally competitive cyclist and member of numerous cycling organisations, bringing a customer viewpoint to the value of both DataDot and PropertyVAULT. David is Chair of the Audit and Risk Committee.

**Mr Patrick Raper**

*Company Secretary – appointed 22 December 2014*  
*CFO – appointed 1 September 2019*

Patrick has over 45 years of experience in accounting, finance and governance roles.

He joined DataDot in March 2014 as Group CFO and was appointed as Company Secretary in December 2014. From June 2016 to September 2019 he was the Company Secretary working part time and since September 2019 has filled the role of CFO and Company Secretary on a part time basis while he also acts as Company Secretary for Star Combo Pharma Limited (ASX: S66) and Toys"R"Us ANZ Limited (ASX:TOY).

Prior to joining DataDot, he was CFO and Company Secretary for Ecosave Holdings Limited (ASX: ECV) and CFO and Company Secretary of CMA Corporation Limited (ASX: CMV) and has held a number of roles within the Investment portfolio companies of Hawkesbridge Private Equity including Company Secretary, CFO, Joint Managing Director and Chairman of Trippas White Catering and Director of Corporate Services with Integrated Premises Services Pty Limited. Mr Raper was formerly CFO and Company Secretary over a period of twelve years between 1993 and 2005, for a number of Touraust Corporation managed entities including Reef Casino Trust (ASX: RCT) and Australian Tourism Group (ASX: ATU).

**Directors' interests**

The relevant interest of each director in the shares, share rights and options over shares issued by DataDot, as notified by the directors to the Australian Stock Exchange in accordance with the *Corporations Act 2001*, at the date of this report is as follows:

| Director       | Interest in<br>Ordinary Shares | Interest in<br>Share Rights | Interest in<br>Options | Interest in<br>Convertible<br>Notes |
|----------------|--------------------------------|-----------------------------|------------------------|-------------------------------------|
| Ray Carroll    | -                              | -                           | -                      | -                                   |
| Bradley Kellas | 214,995,076                    | -                           | -                      | -                                   |
| David Lloyd    | 14,912,116                     | -                           | -                      | -                                   |

**Share Rights**

Unissued ordinary shares of DataDot Technology Limited under the share rights plan at the date of this report are as follows:

| Grant date    | Date of expiry | Number unvested |
|---------------|----------------|-----------------|
| 26 March 2014 | 26 March 2022  | 2,000,000       |

The Board has approved vesting of these rights and the issue of ordinary shares to be effective after the release of this report.

**Share Options**

Unissued ordinary shares of DataDot Technology Limited under the share options plan at the date of this report are as follows:

| Issue Date | Date of Expiry | Number of Share<br>Options |
|------------|----------------|----------------------------|
| Nil        | Nil            | Nil                        |

For details of share options and share rights issued to directors and executives as remuneration, refer to the remuneration report.

**Meetings of Directors**

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021 and the number of meetings attended by each of the directors were:

| Director        | Board Meetings               |                 | Remuneration and<br>Nomination<br>Committee Meetings |                 | Audit and Risk<br>Management<br>Committee Meetings |                 |
|-----------------|------------------------------|-----------------|------------------------------------------------------|-----------------|----------------------------------------------------|-----------------|
|                 | No.<br>eligible to<br>attend | No.<br>attended | No.<br>eligible to<br>attend                         | No.<br>attended | No.<br>eligible to<br>attend                       | No.<br>attended |
| Raymond Carroll | 6                            | 6               | -                                                    | -               | 2                                                  | 2               |
| Brad Kellas     | 6                            | 6               | -                                                    | -               | 2                                                  | 2               |
| David Lloyd     | 6                            | 6               | -                                                    | -               | 2                                                  | 2               |

**Indemnity and insurance of officers and auditors**

No indemnities have been given to any person who is or has been an officer or auditor of the consolidated entity.

During the year DataDot paid insurance premiums in respect of directors' and officers' liability insurance contracts. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability insurance contracts, as such disclosure is prohibited under the terms of the contract.

**Proceedings on behalf of the Company**

No person has applied to the court under section 237 of the *Corporations Act 2001*, for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company, for all or part of those proceedings.

**Non audit services**

There have been no amounts paid or payable to the auditor for non-assurance services provided by the auditor during the financial year. Auditor's remuneration is outlined in note 6 to the financial statements.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2021 is set out on page 20 of the financial report.

The following Remuneration Report forms part of the Directors' Report.

### Remuneration Report (audited)

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the consolidated entity in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

### Key management personnel

The following key management personnel (hereafter referred to as "KMP") of the consolidated entity throughout the year consisted of the following directors and Executives of DataDot Technology Limited or its subsidiaries:

#### Directors

|                 |                        |
|-----------------|------------------------|
| Raymond Carroll | Chairman               |
| Brad Kellas     | Managing Director      |
| David Lloyd     | Non-Executive Director |

#### Executives

|               |                   |                            |
|---------------|-------------------|----------------------------|
| Patrick Raper | Company Secretary | Appointed 22 December 2014 |
|               | CFO               | Appointed 1 September 2019 |

### Shares and Share Rights and Share Options Held

The number of shares and share rights and share options held by each KMP (or their related party) during the financial year, or at the date that they ceased their role as KMP is as follows:

#### Shares

#### Directors

|                 |
|-----------------|
| Raymond Carroll |
| Brad Kellas     |
| David Lloyd     |

#### Executives

|               |
|---------------|
| Patrick Raper |
|---------------|

#### Total Shares

| Balance<br>as at<br>30/6/2020 | Additions | Disposals and<br>Cancellations | Balance<br>as at<br>30/6/2021 |
|-------------------------------|-----------|--------------------------------|-------------------------------|
|                               |           |                                |                               |
| -                             | -         | -                              | -                             |
| 214,995,076                   | -         | -                              | 214,995,076                   |
| 14,912,116                    | -         | -                              | 14,912,116                    |
|                               |           |                                |                               |
| 1,066,667                     | -         | -                              | 1,066,667                     |
| 230,973,859                   | -         | -                              | 230,973,859                   |

#### Share Rights

#### Directors

#### Executive - Patrick Raper

| Balance<br>as at<br>30/6/2020 | Additions | Disposals and<br>Cancellations | Balance<br>as at<br>30/6/2021 |
|-------------------------------|-----------|--------------------------------|-------------------------------|
| -                             | -         | -                              | -                             |
|                               |           |                                |                               |
| 2,000,000                     | -         | -                              | 2,000,000                     |

#### Share Options

#### Directors and Executives

| Balance<br>as at<br>30/6/2020 | Additions | Disposals or<br>Cancellations | Balance<br>as at<br>30/6/2021 |
|-------------------------------|-----------|-------------------------------|-------------------------------|
| -                             | -         | -                             | -                             |

**Remuneration policy**

Key Management Personnel (KMP) have authority and responsibility for planning, directing and controlling the activities of DataDot. KMP include only the directors of the parent entity, one of whom (Mr Kellas) is the Managing Director / CEO, and the CFO.

Remuneration levels of KMP are determined by the Remuneration and Nomination Committee. The Committee's charter is to review and make recommendations to the Board in relation to:

- Executive remuneration and incentive policy,
- The remuneration of the CEO, executive directors and all direct reports of the CEO,
- Executive incentive plans,
- The remuneration of non-executive directors,
- Retention, performance assessment and termination policies and procedures for non-executive directors, the CEO, executive directors and all direct reports of the CEO,
- Establishment and oversight of employee and executive share plans and share option plans and share loan plans,
- Superannuation arrangements,
- The disclosure of remuneration in DDT's publications, including ASX filings and the Annual Report,
- Board composition, having regard to necessary and desirable competencies,
- Board succession plans, and
- Evaluation of Board performance.

The Committee did not obtain a remuneration recommendation or other advice from a remuneration consultant in FY 2021.

Board policy for determining the composition and value of remuneration for KMP's comprises the following elements:

- Remuneration to contribute to the broader outcome of creating shareholder value,
- Remuneration to be commensurate with individual duties and responsibilities,
- Remuneration to be market competitive in order to attract, retain and motivate people of the highest quality,
- Remuneration to be aligned with DataDot's business strategies and financial targets,
- Executives' remuneration to comprise fixed and variable components,
- Variable components to be tied to the attainment of both short-term and long-term performance targets of individuals and DataDot,
- Variable components of executive remuneration to be between 30% and 50% of the value of total remuneration,
- Variable component payment to be subject to DataDot's financial capacity, and
- This policy to apply uniformly across DataDot.

In relation to **non-executive directors**, the Constitution of DataDot and ASX Listing Rules specify that aggregate remuneration shall be determined from time to time by a general meeting. The latest determination was at the 2004 AGM when shareholders approved a ceiling on aggregate remuneration of \$300,000 per annum. The actual amount payable is currently \$60,000pa plus SGL at 10.0% for Mr Carroll, the Chairman of the Board, and \$25,000 plus SGL at 10.0% for Mr Lloyd.

Non-Executive Directors do not receive performance related remuneration and directors' fees cover both main board and committee activities. Directors of Group subsidiary companies do not receive directors' fees.

The Managing Director is currently paid \$220,000 pa.

The Company has cancelled all STI and LTI programs in operation at 13 May 2019 and will look to implement a new and more effective STI and LTI program once the Company returns to sustainable profitability.

***Relationship between remuneration and consolidated entity performance***

The effect of remuneration policy on DataDot's financial performance and on shareholder value is central to the Board's and Remuneration and Nomination Committee's decisions. For this reason, a primary objective of remuneration policy is to tie the remuneration of KMP to financial performance, so ensuring that a significant proportion of the total remuneration of KMP is at-risk, short-term incentive payments (STI) being tied to net profit targets, and long-term incentive payments (LTI) being tied to growth in shareholder value. In this respect, the key factors for consideration are continuing product development and improvement, business and revenue growth, developing and maintaining the appropriate corporate culture, strategic adjustments in consultation with the Board and maintenance of an efficient cost base.

The Company's performance and shareholder wealth for each of the last six years were

|                                     | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                     | \$'000      | \$'000      | \$'000      | \$'000      | \$'000      | \$'000      |
| Revenue                             | 6,631.4     | 5,344.0     | 4,867.2     | 3,279.6     | 3,774.6     | 3,896.1     |
| EBITDA                              | (1,464.3)   | (835.7)     | (422.3)     | (1,757.3)   | 309.4       | 1,452.9     |
| Net Profit / (Loss) after tax       | (3,264.6)   | (1,379.5)   | (3,119.9)   | (2,301.3)   | 29.2        | 1,235.0     |
| Basic earnings per share (in cents) | (0.12)      | (0.43)      | (0.40)      | (0.30)      | 0.003       | 0.099       |
| Share price at year end (in cents)  | 1.90        | 2.00        | 0.50        | 0.70        | 0.40        | 0.60        |

***Performance based remuneration***

At the date of this report, the remuneration of KMP who are non-executive directors includes only a fixed remuneration component.

No STI or LTI programme for KMP's has been implemented pending the return to sustainable profitability of the Company. Any STI or LTI programme when implemented with shareholder approval, may include performance shares, share options or share rights. No performance shares or share rights or share options are currently on issue to non-executive directors. The grant of director performance shares, or share rights or options would be consistent with the Company's long-term incentive remuneration policy, providing Directors with the opportunity to participate in the future growth of the Company through share ownership.

In 2021, no STI's or LTI's have been paid to directors or other KMP's.

**Share Rights**

- Each share right converts into one fully paid ordinary share in the Company on completion of the vesting conditions, or at discretion of the Board;
- No amounts are paid or payable by the recipient on receipt or exercise of a share right;
- Subject to the recipient's continuous employment, share rights vest in three equal tranches at varying intervals after the date of issue;
- A trading restriction applies for a further 12 months after vesting; and
- Share rights expire 7 years after issue unless extended by the Directors.

Number of **share rights** provided as remuneration in the years ended 30 June 2020 and 30 June 2021: -

|                   | Balance<br>as at<br>30/6/2020 | Granted as<br>Remuneration | Vesting of<br>Share<br>Rights | Expiring or<br>Lapsing<br>Share<br>Rights | Balance<br>as at<br>30/6/2021 |
|-------------------|-------------------------------|----------------------------|-------------------------------|-------------------------------------------|-------------------------------|
| <b>Directors</b>  | -                             | -                          | -                             | -                                         | -                             |
| <b>Executives</b> |                               |                            |                               |                                           |                               |
| Patrick Raper     | 2,000,000                     | -                          | -                             | -                                         | 2,000,000                     |
|                   | <b>2,000,000</b>              | -                          | -                             | -                                         | <b>2,000,000</b>              |

Shares and share rights issued and cancelled subsequent to the end of the year: Nil

**Share Options**

- There were no share options on issue at the beginning of the year
- There were no share options on issue at the end of the year.

**Summary of Director, KMP and Other Executives Equity Remuneration instruments on issue at the date of this report:**

|                  | Ordinary<br>Shares | Ordinary<br>Shares / Loan<br>Scheme | Options | Share Rights |
|------------------|--------------------|-------------------------------------|---------|--------------|
| Directors        | 229,907,192        | -                                   | -       | -            |
| KMPs             | 1,066,667          | -                                   | -       | 2,000,000    |
| Other Executives | -                  | -                                   | -       | -            |

**Remuneration details for the year**

The following table of benefits and payments, details, in respect to the financial year, the components of remuneration of each KMP.

| 2021              | Short-term benefits     |        | Post-employment benefits |                    | Long-term benefits |                       | Share-based payments | Total \$ |
|-------------------|-------------------------|--------|--------------------------|--------------------|--------------------|-----------------------|----------------------|----------|
|                   | Cash, Salary, & fees \$ | STI \$ | Non cash \$              | Super-annuation \$ | Termination \$     | Long service leave \$ | Share Options \$     |          |
| <b>Directors</b>  |                         |        |                          |                    |                    |                       |                      |          |
| R Carroll         | 60,000                  | -      | -                        | 5,700              | -                  | -                     | -                    | 65,700   |
| B Kellas          | 216,355                 | -      | -                        | 4,775              | -                  | -                     | -                    | 221,110  |
| D Lloyd           | 25,000                  | -      | -                        | 2,375              | -                  | -                     | -                    | 27,375   |
| <b>Executives</b> |                         |        |                          |                    |                    |                       |                      |          |
| P Raper           | 114,085                 | -      | -                        | 10,833             | -                  | -                     | -                    | 124,918  |
|                   | 415,419                 | -      | -                        | 23,684             | -                  | -                     | -                    | 439,103  |

| 2020              | Short-term benefits     |        | Post-employment benefits |                    | Long-term benefits |                       | Share-based payments | Total \$ |
|-------------------|-------------------------|--------|--------------------------|--------------------|--------------------|-----------------------|----------------------|----------|
|                   | Cash, Salary, & fees \$ | STI \$ | Non cash \$              | Super-annuation \$ | Termination \$     | Long service leave \$ | Share Options \$     |          |
| <b>Directors</b>  |                         |        |                          |                    |                    |                       |                      |          |
| R Carroll         | 59,539                  | -      | -                        | 5,459              | -                  | -                     | -                    | 64,998   |
| B Kellas          | 175,041                 | -      | -                        | -                  | -                  | -                     | -                    | 175,041  |
| D Lloyd           | 24,807                  | -      | -                        | 2,356              | -                  | -                     | -                    | 27,163   |
| <b>Executives</b> |                         |        |                          |                    |                    |                       |                      |          |
| D Maclean         | 52,544                  | -      | -                        | 4,604              | -                  | -                     | -                    | 57,148   |
| A Winfield        | 82,499                  | -      | -                        | 10,294             | -                  | -                     | -                    | 92,793   |
| D Williams        | 105,670                 | -      | -                        | 2,870              | -                  | -                     | 2,688                | 111,228  |
| P Raper           | 123,821                 | -      | -                        | 12,833             | -                  | -                     | -                    | 136,654  |
|                   | 623,922                 | -      | -                        | 38,416             | -                  | -                     | 2,688                | 665,025  |

|                   |                 | 2020 Performance based remuneration |                                    | 2021 Performance based remuneration |                                    |
|-------------------|-----------------|-------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
|                   |                 | Bonus<br>STI %                      | Share rights /<br>Options<br>LTI % | Bonus<br>STI %                      | Share rights /<br>Options<br>LTI % |
| <b>Directors</b>  | Ray Carroll     | 0.0%                                | 0.0%                               | 0.0%                                | 0.0%                               |
|                   | Brad Kellas     | 0.0%                                | 0.0%                               | 0.0%                                | 0.0%                               |
|                   | David Lloyd     | 0.0%                                | 0.0%                               | 0.0%                                | 0.0%                               |
| <b>Executives</b> | Duncan Maclean  | 0.0%                                | 0.0%                               |                                     |                                    |
|                   | Andrew Winfield | 0.0%                                | 0.0%                               |                                     |                                    |
|                   | David Williams  | 0.0%                                | 0.0%                               |                                     |                                    |
|                   | Patrick Raper   | 0.0%                                | 0.0%                               | 0.0%                                | 0.0%                               |

**KMP**

Details of the performance based and equity-based remuneration for KMP are set out below.

***Employment details of key management personnel******Patrick Raper***

Mr Raper is the CFO and Company Secretary on a part time basis.

His annualised remuneration package based on full time employment is \$200,000 including Superannuation. Hours required to complete the roles vary from month to month.

There is no contracted STI or LTI in place. At the discretion of the Board, 2,000,000 Share Rights outstanding at the end of the year have been approved for vesting to be effective after the release of this report.

***Executive service contracts***

It is the Board's policy to establish executive service contracts with all KMP. Executive Service Contracts will not have fixed terms and will have termination notice periods between one month and three months. Commitments of these amounts are disclosed in Note 20 of the financial accounts.

KMPs have no entitlement to termination payments in the event of removal for misconduct.

This director's report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors



**Ray Carroll – Chairman**  
**23 August 2021**

The Directors  
DataDot Technology Limited  
8 Ethel Avenue  
BROOKVALE NSW 2100

23 August 2021

Dear Directors

**DataDot Technology Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of DataDot Technology Limited for the year ended 30 June 2021, 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 audit; and
- b. No contraventions of any applicable code of professional conduct in relation to the audit.

Yours sincerely



**Andrew Hunt**  
Principal



**Consolidated Financial Statements  
for the year ended 30 June 2021**

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**Consolidated Statement of Profit or Loss**
**for the year ended 30 June 2021**

|                                                     | Notes | 2021<br>\$       | 2020<br>\$       |
|-----------------------------------------------------|-------|------------------|------------------|
| <b>Revenue</b>                                      |       |                  |                  |
| Sale of goods                                       |       | 2,340,007        | 2,358,816        |
| Service and licence fees                            |       | 126,535          | 148,614          |
| Royalties                                           |       | 1,429,572        | 1,267,139        |
|                                                     |       | <u>3,896,113</u> | <u>3,774,569</u> |
| Cost of sales                                       |       | <u>1,412,128</u> | <u>1,597,751</u> |
| <b>Gross Profit</b>                                 |       | <u>2,483,985</u> | <u>2,176,818</u> |
| Other income                                        | 3     | <u>305,392</u>   | <u>323,611</u>   |
| <b>Expenses</b>                                     |       |                  |                  |
| Administrative expenses                             | 4     | 1,186,968        | 1,706,543        |
| Marketing expenses                                  |       | 27,968           | 70,289           |
| Occupancy expenses                                  |       | 78,237           | 196,857          |
| Restructuring expenses                              | 4     | -                | 126,835          |
| Travel expenses                                     |       | 1,471            | 90,520           |
|                                                     |       | <u>1,294,644</u> | <u>2,191,044</u> |
| <b>EBITDA</b>                                       |       | <u>1,494,733</u> | <u>309,385</u>   |
| Depreciation, Amortisation and Impairment           |       | 231,829          | 177,832          |
| Finance costs                                       |       | 19,700           | 91,914           |
| <b>Profit before income tax expense</b>             |       | <u>1,243,204</u> | <u>39,638</u>    |
| Income tax expense                                  | 5     | <u>8,222</u>     | <u>10,435</u>    |
| <b>Profit after income tax expense for the year</b> |       | <u>1,234,982</u> | <u>29,203</u>    |
| <b>Profit for the year attributable to :</b>        |       |                  |                  |
| Owners of DataDot Technology Limited                |       | 1,234,982        | 29,203           |
| Non controlling interest                            |       | -                | -                |
|                                                     |       | <u>1,234,982</u> | <u>29,203</u>    |
| Basic profit / (loss) per share (cents per share)   | 8     | <u>0.099</u>     | <u>0.003</u>     |
| Diluted profit / (loss) per share (cents per share) | 8     | <u>0.099</u>     | <u>0.003</u>     |

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

**Consolidated Statement of Comprehensive Income**
**for the year ended 30 June 2021**

|                                                                                    | 2021<br>\$ | 2020<br>\$ |
|------------------------------------------------------------------------------------|------------|------------|
| Profit after income tax expense for the year                                       | 1,234,982  | 29,203     |
| Other comprehensive income                                                         |            |            |
| Items that may be classified subsequently to profit or loss                        |            |            |
| Exchange difference on translation of foreign operations                           | (12,655)   | 1,243      |
| Total comprehensive income for the year, net of tax                                | 1,222,327  | 30,446     |
| Total comprehensive profit attributable to<br>Owners of DataDot Technology Limited | 1,222,327  | 30,446     |

*The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Consolidated Statement of Financial Position**
**for the year ended 30 June 2021**

|                                                                      | Notes | 2021<br>\$       | 2020<br>\$       |
|----------------------------------------------------------------------|-------|------------------|------------------|
| <b>Current Assets</b>                                                |       |                  |                  |
| Cash and cash equivalents                                            | 9     | 2,328,358        | 1,005,324        |
| Trade and other receivables                                          | 10    | 970,399          | 892,492          |
| Inventories                                                          | 11    | 208,259          | 262,027          |
| R&D grant receivable                                                 |       | 104,067          | 214,395          |
| <b>Total Current Assets</b>                                          |       | <b>3,611,083</b> | <b>2,374,238</b> |
| <b>Non Current Assets</b>                                            |       |                  |                  |
| Plant and equipment                                                  | 12    | 388,326          | 616,487          |
| Investments                                                          |       | 2,948            | 2,948            |
| <b>Total Non Current Assets</b>                                      |       | <b>391,274</b>   | <b>619,435</b>   |
| <b>Total Assets</b>                                                  |       | <b>4,002,357</b> | <b>2,993,673</b> |
| <b>Current Liabilities</b>                                           |       |                  |                  |
| Trade and other payables                                             | 13    | 409,210          | 446,980          |
| Employee benefits                                                    | 15    | 102,932          | 78,735           |
| Provisions                                                           | 16    | 7,105            | 7,105            |
| Other current liabilities                                            | 17    | 192,882          | 126,973          |
| <b>Total Current Liabilities</b>                                     |       | <b>712,129</b>   | <b>659,793</b>   |
| <b>Non Current Liabilities</b>                                       |       |                  |                  |
| Employee benefits                                                    | 15    | 16,240           | 10,161           |
| Other non-current liabilities                                        | 17    | 100,531          | 411,856          |
| <b>Total Non Current Liabilities</b>                                 |       | <b>116,771</b>   | <b>422,017</b>   |
| <b>Total Liabilities</b>                                             |       | <b>828,900</b>   | <b>1,081,810</b> |
| <b>Net Assets</b>                                                    |       | <b>3,173,457</b> | <b>1,911,863</b> |
| <b>Equity</b>                                                        |       |                  |                  |
| Issued capital                                                       | 18    | 41,596,795       | 41,557,528       |
| Accumulated losses                                                   |       | (36,405,911)     | (37,640,898)     |
| Reserves                                                             | 19    | (2,017,427)      | (2,004,772)      |
| <b>Equity attributed to the owners of DataDot Technology Limited</b> |       | <b>3,173,457</b> | <b>1,911,863</b> |
| Non controlling interests                                            |       | -                | -                |
| <b>Total Equity</b>                                                  |       | <b>3,173,457</b> | <b>1,911,863</b> |

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

|                                                        | Attributable to equity holders of the parent |                       |                                         |                                    |                  | Total equity \$  |
|--------------------------------------------------------|----------------------------------------------|-----------------------|-----------------------------------------|------------------------------------|------------------|------------------|
|                                                        | Issued capital \$                            | Accumulated losses \$ | Foreign currency translation reserve \$ | Employee equity benefit reserve \$ | Other reserve \$ |                  |
| <b>Balance at 30 June 2019</b>                         | 39,692,526                                   | (37,670,096)          | (1,730,988)                             | 398,220                            | (583,454)        | 106,208          |
| Loss after income tax expense for the year             | -                                            | 29,203                | -                                       | -                                  | -                | 29,203           |
| Other comprehensive income for the year, net of tax    | -                                            | -                     | 1,243                                   | -                                  | -                | 1,243            |
| Total comprehensive income for the year                | -                                            | 29,203                | 1,243                                   | -                                  | -                | 30,446           |
| Convertible Note Reserve                               |                                              |                       |                                         |                                    | (95,169)         | (95,169)         |
| Transactions with owners in their capacity as owners : |                                              |                       |                                         |                                    |                  |                  |
| Share based payments                                   | -                                            | -                     | -                                       | 5,376                              | -                | 5,376            |
| Share issues                                           | 1,889,646                                    | -                     | -                                       | -                                  | -                | 1,889,646        |
| Share issue costs                                      | (24,644)                                     | -                     | -                                       | -                                  | -                | (24,644)         |
| <b>Balance at 30 June 2020</b>                         | <b>41,557,528</b>                            | <b>(37,640,893)</b>   | <b>(1,729,745)</b>                      | <b>403,596</b>                     | <b>(678,623)</b> | <b>1,911,863</b> |
| Profit after income tax expense for the year           | -                                            | 1,234,982             | -                                       | -                                  | -                | 1,234,982        |
| Other comprehensive income for the year, net of tax    | -                                            | -                     | (12,655)                                | -                                  | -                | (12,655)         |
| Total comprehensive income for the year                | -                                            | 1,234,982             | (12,655)                                | -                                  | -                | 1,222,327        |
| Convertible Note Reserve                               |                                              |                       |                                         |                                    | -                | -                |
| Transactions with owners in their capacity as owners : |                                              |                       |                                         |                                    |                  |                  |
| Share based payments                                   | -                                            | -                     | -                                       | -                                  | -                | -                |
| Share rights exercised                                 | -                                            | -                     | -                                       | -                                  | -                | -                |
| Share rights expired                                   | -                                            | -                     | -                                       | -                                  | -                | -                |
| Share issues                                           | 39,267                                       | -                     | -                                       | -                                  | -                | 39,267           |
| Share issue costs                                      | -                                            | -                     | -                                       | -                                  | -                | -                |
| <b>Balance at 30 June 2021</b>                         | <b>41,596,795</b>                            | <b>(36,405,911)</b>   | <b>(1,742,400)</b>                      | <b>403,596</b>                     | <b>(678,623)</b> | <b>3,173,457</b> |

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

**Consolidated Statement of Cash Flows**
**for the year ended 30 June 2021**

|                                                                  | Notes | 2021<br>\$  | 2020<br>\$  |
|------------------------------------------------------------------|-------|-------------|-------------|
| <b>Cash flows from operating activities</b>                      |       |             |             |
| Receipts from customers (inclusive of GST)                       |       | 4,236,106   | 3,877,328   |
| Payments to suppliers and employees (inclusive of GST)           |       | (3,189,350) | (4,271,887) |
| Interest paid                                                    |       | (19,700)    | -           |
| Income tax paid                                                  |       | (8,222)     | (10,435)    |
| Receipt of government grants, JobKeeper & Cashflow Boost         |       | 335,387     | (58,117)    |
| Net cash received / (used) in operating activities               | 9     | 1,354,221   | (463,110)   |
| <b>Cash flows from investing activities</b>                      |       |             |             |
| Interest received                                                |       | 567         | 639         |
| Payments for plant and equipment                                 |       | (14,729)    | (40,878)    |
| Net cash flows used in investing activities                      |       | (14,162)    | (40,239)    |
| <b>Cash flows from financing activities</b>                      |       |             |             |
| Proceeds from convertible notes issued                           |       | -           | 600,000     |
| Redemption of Convertible Notes                                  |       | -           | (1,150,000) |
| Proceeds from share issue (net of share issue costs)             |       | -           | 1,865,002   |
| Repayment of borrowings                                          |       | -           | (2,323)     |
| Net cash provided by financing activities                        |       | -           | 1,312,679   |
| <b>Net increase in cash and cash equivalents</b>                 |       | 1,340,059   | 809,330     |
| Cash and cash equivalents at the beginning of the financial year |       | 1,005,324   | 194,752     |
| Effects of exchange rate changes on cash and cash equivalents    |       | (17,025)    | 1,243       |
| Cash and cash equivalents at the end of the financial year       | 9     | 2,328,358   | 1,005,324   |

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

**1 General Information**

DataDot Technology Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:  
 8 Ethel Ave  
 Brookvale, NSW, 2100  
 Australia

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

The financial statements were authorised for issue in accordance with a resolution of Directors' on 23 August 2021.

Comparatives are consistent with prior years.

**Basis of preparation**

These general purpose financial statements comprise the consolidated financial statements of DataDot Technology Limited and its controlled entities (hereafter referred to as 'DataDot', 'the consolidated entity', 'the Company' and 'the Group') as at and for the period ended 30 June each year. They have been prepared in accordance with Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board ('AASB'), and comply with other requirements of the law and the Corporations Act 2001 as appropriate for for-profit oriented entities.

These financial statements also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

Significant accounting policies applied are provided within these financial statements, where appropriate.

**Going Concern**

The financial statements of the company have been prepared on a going concern basis, which indicates continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business.

During the year ended 30 June 2021, the company earned a profit after tax of \$1,234,982 (2020: \$29,203). Positive operating cash flows of \$1,354,221 (2020: (\$463,110)) were incurred. Revenue from sale of goods and services has grown by 3% in 2021 (2020: 15%).

As disclosed in the Directors Report, the company has not raised any capital during the year and has generated solid cash reserves.

Cash held by the company at 30 June 2021 was \$2,328,358 (2020 : \$1,005,324) and Net Assets of the group have increased to \$3,173,457 from \$1,911,863 at 30 June 2021.

These financial results demonstrate further greater financial strength than was the case at June 2020 and substantially remove any doubt on whether the Company will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of the business and at the amounts stated in the financial report.

At the date of this report, the directors are of the opinion that there are reasonable grounds to expect that the Company will be able to continue as a going concern.

As such the financial report is prepared on a going concern basis.

Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

**2 Segment Information****Operating Segments****Segment descriptions**

DataDot has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

Management has reviewed the segments and determined the group is organised into business units based on their product and services and accordingly has two reportable segments. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

**Products and services by segment**

Two reportable segments have been identified as follows:

**DataDotDNA®** polymer and metallic microdots containing etched data that is unique to the assets to which the microdots are attached and registered in the Vault databases that record the asset identification data and are accessible by law enforcement agencies and insurance investigators;

**DataTraceID®** – a high speed, high security, machine readable system for authenticating materials, products, and assets.

**Accounting policies and intersegment transactions**

The accounting policies used by DataDot in reporting segments internally are the same as those contained in the prior period. Intersegment pricing is determined on an arm's length basis. Intersegment transactions are eliminated on consolidation.

**2 Segment Information (continued)**

The following tables present the revenue, loss after tax, assets and liabilities information regarding operating segments for years ended 30 June 2021 and 30 June 2020.

**Segment performance****Year ended 30 June 2021**

|                                   | DataDotDNA<br>\$ | DataTraceID<br>\$ | eliminations<br>\$ | Total<br>\$ |
|-----------------------------------|------------------|-------------------|--------------------|-------------|
| Revenue from external customers   | 3,632,131        | 263,982           | -                  | 3,896,113   |
| Intersegment sales                | 38,419           | 155               | (38,574)           | -           |
| Total revenue                     | 3,670,550        | 264,138           | (38,574)           | 3,896,113   |
| Gross profit                      | 2,341,438        | 142,547           | -                  | 2,483,985   |
| Restructuring expenses            | -                | -                 | -                  | -           |
| EBITDA                            | 1,511,120        | (50,043)          | -                  | 1,461,077   |
| Depreciation and amortisation     | (194,588)        | (3,584)           | -                  | (198,172)   |
| Intangibles Impairment            | -                | -                 | -                  | -           |
| Finance costs                     | (19,700)         | -                 | -                  | (19,700)    |
| Profit / (Loss) before income tax | 1,296,832        | (53,627)          | -                  | 1,243,204   |
| Income tax expense                | (8,222)          | -                 | -                  | (8,222)     |
| Profit / (Loss) after income tax  | 1,288,609        | (53,627)          | -                  | 1,234,982   |
| Segment assets                    | 7,889,070        | 121,787           | (4,008,500)        | 4,002,357   |
| Segment liabilities               | 1,807,349        | 27,324            | (1,005,773)        | 828,900     |

**Segment performance****Year ended 30 June 2020**

|                                 | DataDotDNA<br>\$ | DataTraceID<br>\$ | eliminations<br>\$ | Total<br>\$ |
|---------------------------------|------------------|-------------------|--------------------|-------------|
| Revenue from external customers | 3,479,139        | 295,431           | -                  | 3,774,569   |
| Intersegment sales              | 48,436           | 1,575             | (50,011)           | -           |
| Total revenue                   | 3,527,575        | 297,006           | (50,011)           | 3,774,569   |
| Gross profit                    | 1,995,925        | 180,892           | -                  | 2,176,817   |
| Restructuring expenses          | (126,835)        | -                 | -                  | (126,835)   |
| EBITDA                          | 134,122          | 175,263           | -                  | 309,385     |
| Depreciation and amortisation   | (178,627)        | (7,850)           | -                  | (186,478)   |
| Finance revenue                 | -                | -                 | -                  | -           |
| Intangibles Impairment          | (114,734)        | -                 | -                  | (114,734)   |
| Finance costs                   | -                | -                 | -                  | -           |
| Loss before income tax          | (127,776)        | 167,413           | -                  | 39,637      |
| Income tax expense              | (10,434)         | -                 | -                  | (10,434)    |
| Loss after income tax           | (138,210)        | 167,413           | -                  | 29,203      |
| Segment assets                  | 7,476,891        | 222,706           | (4,705,923)        | 2,993,673   |
| Segment liabilities             | 985,142          | 2,405,674         | (2,309,006)        | 1,081,810   |

**2 Segment Information (continued)****Geographic segments**

DataDot operates facilities in two geographical regions of Australasia and the United Kingdom. Each manufacturing facility distributes the DataDot asset identification system. The tables below show revenues earned in each geographic region.

**Major customers**

DataDot has a number of customers to which it provides both products and services. In Australasia, one customer accounts for 7% of total revenue (2020 : 8%), in Europe one customer accounts for 15% of total revenue (2020 : 12%), in the Americas one customer accounts for 12% of total revenue (2020 : 14%) and in DataTraceID one customer accounts for 3% total revenue (2020 : 4%).

**Disaggregation of revenue**

The Group has disaggregated revenue into various categories in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date; and
- enable users to understand the relationship with revenue segment information provided in note 2

| <b>Consolidated - 2021</b>           | <b>DataDotDNA<br/>\$</b> | <b>DataTraceID<br/>\$</b> | <b>Total<br/>\$</b> |
|--------------------------------------|--------------------------|---------------------------|---------------------|
| <b>Geographical regions</b>          |                          |                           |                     |
| Asia                                 | 122,599                  | 54,358                    | 176,956             |
| Americas                             | 434,964                  | 3,279                     | 438,244             |
| Africa                               | 1,421,407                | 9,656                     | 1,431,063           |
| Australia                            | 456,700                  | 17,384                    | 474,084             |
| Europe                               | 1,195,855                | 179,911                   | 1,375,766           |
|                                      | <u>3,631,525</u>         | <u>264,589</u>            | <u>3,896,113</u>    |
| <i>Timing of revenue recognition</i> |                          |                           |                     |
| Point in time                        | 3,631,525                | 140,437                   | 3,771,961           |
| Over time                            | -                        | 124,152                   | 124,152             |
|                                      | <u>3,631,525</u>         | <u>264,589</u>            | <u>3,896,113</u>    |
| <b>Consolidated - 2020</b>           | <b>DataDotDNA<br/>\$</b> | <b>DataTraceID<br/>\$</b> | <b>Total<br/>\$</b> |
| <b>Geographical regions</b>          |                          |                           |                     |
| Asia                                 | 114,205                  | 38,596                    | 152,801             |
| Americas                             | 530,886                  | 5,005                     | 535,892             |
| Africa                               | 1,499,285                | 9,656                     | 1,508,941           |
| Australia                            | 378,419                  | 56,317                    | 434,736             |
| Europe                               | 955,263                  | 186,937                   | 1,142,200           |
|                                      | <u>3,478,059</u>         | <u>296,511</u>            | <u>3,774,569</u>    |
| <i>Timing of revenue recognition</i> |                          |                           |                     |
| Point in time                        | 3,478,059                | 176,186                   | 3,654,244           |
| Over time                            | -                        | 120,325                   | 120,325             |
|                                      | <u>3,478,059</u>         | <u>296,511</u>            | <u>3,774,569</u>    |

|                                                         | 2021           | 2020           |
|---------------------------------------------------------|----------------|----------------|
|                                                         | \$             | \$             |
| <b>3 Other Income</b>                                   |                |                |
| Interest revenue                                        | 567            | 639            |
| Government grants:                                      |                |                |
| Research and development grants *                       | 172,049        | 166,724        |
| Cash Boost and Job Keeper assistance - Australia and UK | 132,775        | 132,596        |
| Sundry income                                           | -              | 23,652         |
|                                                         | <b>305,392</b> | <b>323,611</b> |

\* There are no unfulfilled conditions or contingencies attached to the grants.

#### Accounting treatment

##### Research and development grant

The research and development grants received from the Australian government are classified as deferred income and released to other income in line with the amortisation of the capitalised or expensed costs to which the grant relates.

The research and development grants receivable from the Australian government are recognised in the statement of financial position as an asset when the grant is reasonably certain.

|                                                                                                                                           |                  |                  |
|-------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>4 Expenses</b>                                                                                                                         |                  |                  |
| The consolidated statement of profit and loss includes the following specific expenses:                                                   | 2021             | 2020             |
| <i>Cost of sales</i>                                                                                                                      | \$               | \$               |
| Inventory                                                                                                                                 | 432,510          | 689,367          |
| Stock obsolescence                                                                                                                        | 90,469           | 49,002           |
|                                                                                                                                           |                  |                  |
| <i>Administration expenses</i>                                                                                                            |                  |                  |
| Net loss / (gain) on foreign currency                                                                                                     | 6,269            | 85,602           |
| Employee benefits expenses                                                                                                                | 704,082          | 830,931          |
| Employee share based payment expenses                                                                                                     | -                | 5,376            |
| Superannuation expenses                                                                                                                   | 46,349           | 65,798           |
| Research & development expenses                                                                                                           | 9,238            | 67,989           |
| Bad debt expense                                                                                                                          | (67,131)         | 64,822           |
| Administrative expenses                                                                                                                   | 488,162          | 588,756          |
|                                                                                                                                           | <b>1,186,968</b> | <b>1,706,543</b> |
| <i>Occupancy expenses</i>                                                                                                                 |                  |                  |
| Minimum lease payments                                                                                                                    | 3,735            | 138,799          |
|                                                                                                                                           |                  |                  |
| <i>Restructuring expenses</i>                                                                                                             | -                | 126,835          |
| Restructuring expenses include legal, professional, transport services and consulting fees relating to the closure of the Spokane factory |                  |                  |

|                                                                                                               | 2021<br>\$ | 2020<br>\$ |
|---------------------------------------------------------------------------------------------------------------|------------|------------|
| <b>5 Income Tax</b>                                                                                           |            |            |
| <b>(a) Major components of tax expenses</b>                                                                   |            |            |
| Current income tax expense                                                                                    | -          | -          |
| Withholding tax                                                                                               | 8,222      | 10,434     |
| Income tax expense                                                                                            | 8,222      | 10,434     |
| <b>(b) The prima facie tax on loss before income tax is reconciled to the income tax expense as follows :</b> |            |            |
| Profit / (Loss) before income tax expense                                                                     | 1,243,204  | 39,637     |
| Net profit / (loss) before income tax expense at the statutory income tax rate of 26% (2020 27.5%)            | 323,233    | 10,900     |
| Foreign tax rate adjustment                                                                                   | (19,491)   | (25,105)   |
| Income not subject to tax                                                                                     | (79,254)   | (63,408)   |
| Research and development expenditure added back                                                               | 77,796     | 53,705     |
| Expenditure not allowable                                                                                     | 9,096      | 31,547     |
| Other timing differences                                                                                      | 9,462      | (41,614)   |
| Tax losses and tax offsets not recognised as deferred tax assets                                              | (320,842)  | 33,975     |
| Withholding tax                                                                                               | 8,222      | 10,435     |
| Aggregate income tax expense                                                                                  | 8,222      | 10,435     |
| <b>(c) Recognised deferred tax assets and liabilities</b>                                                     |            |            |
| Opening balance                                                                                               | -          | 16,264     |
| Deferred tax movement credited/charged to income                                                              | -          | (16,264)   |
| Closing balance                                                                                               | -          | -          |
| <b>Deferred tax assets and liabilities</b>                                                                    |            |            |
| Deferred income tax at 30 June relates to the following :                                                     |            |            |
| <i>Deferred tax liabilities</i>                                                                               |            |            |
| Development costs                                                                                             | -          | -          |
| Patents & Trademarks                                                                                          | -          | -          |
| Gross deferred tax liabilities                                                                                | -          | -          |
| Set off of deferred tax assets                                                                                | -          | -          |
| Net deferred tax liabilities                                                                                  | -          | -          |
| <i>Deferred tax assets</i>                                                                                    |            |            |
| Foreign currency balances                                                                                     | -          | -          |
| Provisions                                                                                                    | 26,762     | 24,446     |
| Accruals                                                                                                      | 305,560    | 259,662    |
| Equity raising costs                                                                                          | 1,558      | 1,740      |
| Doubtful debts and obsolescence                                                                               | 128,750    | 105,139    |
| Other timing differences                                                                                      | 44,067     | 66,109     |
| Gross deferred tax assets                                                                                     | 506,698    | 457,096    |
| Set off of deferred tax liabilities                                                                           | -          | -          |
| Net deferred tax assets not brought to account                                                                | 506,698    | 457,096    |

**5 Income Tax (continued)****Accounting treatment**

The potential deferred tax assets arising from unused tax losses and temporary differences have only been recognised where it is probable that the future taxable profit will be available against which tax losses can be utilised. Deferred tax assets currently recognised relates to DataDot Technology (UK) Limited where future taxable profit is expected. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

|                                                                                                       | 2021              | 2020       |
|-------------------------------------------------------------------------------------------------------|-------------------|------------|
|                                                                                                       | \$                | \$         |
| The amount of the potential deferred tax assets attributable to revenue losses not brought to account | <b>10,793,780</b> | 10,699,453 |
| Adjustment recognised for prior periods                                                               | -                 | -          |
| Less prior year losses utilised                                                                       | <b>(320,842)</b>  | 94,327     |
|                                                                                                       | <b>10,472,938</b> | 10,793,780 |

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is

There is no deferred tax liabilities in other tax jurisdictions

Returned Tax Losses in the USA of USD 6,124,327 (2020: 5,817,093) will expire progressively from 2021 to 2040.

**Tax consolidation**

DataDot Technology Limited and its wholly owned Australian controlled entities implemented the tax consolidated legislation as of 1 July 2003.

The head entity, DataDot Technology Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. As DataDot is in a cumulative tax loss position, DataDot has not applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, DataDot Technology Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group when it is probable that future taxable profit will allow the deferred tax asset to be recovered.

DataDot Technology Limited has not entered into any tax funding agreements with the tax consolidated entities.

**6 Auditors' Remuneration**

The auditor of DataDot Technology Limited is Audit Only (2020: Audit Only)

*Amounts paid or payable for audit services by Audit Only (2020: Audit Only):*

|                                                | 2021          | 2020   |
|------------------------------------------------|---------------|--------|
|                                                | \$            | \$     |
| An audit or review of the financial statements | <b>75,000</b> | 73,000 |
|                                                | <b>75,000</b> | 73,000 |

**7 Dividends**

No dividends declared or paid during the year. No franking credits are available.

**8 Earnings Per Share**

Basic earnings / (loss) per share (cents per share)  
Diluted earnings / (loss) per share (cents per share)  
Net profit / (loss) after income tax expense used in calculating profit / (loss) per share

| 2021      | 2020   |
|-----------|--------|
| \$        | \$     |
| 0.099     | 0.003  |
| 0.099     | 0.003  |
| 1,234,982 | 29,203 |

Weighted average number of shares :

Weighted average number of shares used in calculating basic and diluted earnings per share

Adjustments for calculation of diluted earnings per share

Adjusted weighted average number of shares

| No            | No          |
|---------------|-------------|
| 1,249,508,652 | 851,167,141 |
| 2,000,000     | 2,000,000   |
| 1,251,508,652 | 853,167,141 |

Shares and share rights issued subsequent to end of the year :

Nil.

*Diluted earnings per share*

Share rights and options issued to shareholders and related parties are considered to be potential ordinary shares and have been considered in determination of

**9 Cash and Cash Equivalents***Reconciliation of cash*

Cash at the end of the financial year shown in the consolidated statement of cash flows is reconciled as follows :

Cash at bank and on hand

| 2021      | 2020      |
|-----------|-----------|
| \$        | \$        |
| 2,328,358 | 1,005,324 |
| 2,328,358 | 1,005,324 |

**Cash Flow Information***Reconciliation of loss after tax to net cash from operations :*

Profit / (Loss) after income tax expense for the year

Add/(less) items classified as investing/financing activities:

Interest received

Increase / Decrease in Shares Issued

Add/(less) non cash items:

Depreciation, amortisation and impairment

Disposal of plant and equipment

Revaluation of financial liability

Share based payments

Impairment for doubtful accounts

|           |         |
|-----------|---------|
| 1,234,982 | 29,203  |
| (567)     | (639)   |
| 203,516   | 177,833 |
| 43,742    | -       |
| -         | -       |
| 39,267    | 5,376   |
| -         | -       |

*Changes in assets and liabilities :*

(Increase)/ Decrease in trade and other receivables

Decrease in non-current tax assets

Decrease in inventories

(Increase) / Decrease in grant receivable

Decrease in trade and other payables

Decrease/(Increase) in current tax liabilities

Decrease in other liabilities

Decrease in employee benefits

|           |           |
|-----------|-----------|
| (77,907)  | (347,517) |
| -         | 16,264    |
| 53,769    | 159,675   |
| 110,328   | (166,694) |
| (37,770)  | (266,017) |
| (1,745)   | -         |
| (243,670) | (68,457)  |
| 30,276    | (2,137)   |

**Net cash earned / (used) in operating activities**

|           |           |
|-----------|-----------|
| 1,354,221 | (463,110) |
|-----------|-----------|

**9 Cash and Cash Equivalents (continued)****Accounting treatment**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**10 Trade and Other Receivables**

Trade receivables

Provision for impairment

Prepayments

Other receivables

|                          | 2021           | 2020           |
|--------------------------|----------------|----------------|
|                          | \$             | \$             |
| Trade receivables        | 940,492        | 975,968        |
| Provision for impairment | (176,901)      | (247,354)      |
|                          | <u>763,591</u> | <u>728,614</u> |
| Prepayments              | 206,808        | 115,313        |
| Other receivables        | -              | 48,565         |
|                          | <u>970,399</u> | <u>892,492</u> |

**Impairment of receivables**

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2021 is determined as follows, the expected credit losses incorporate forward looking information

|                            | Current | < 30 days<br>overdue | < 60 days<br>overdue | < 90 days<br>overdue | > 90 days overdue | Total   |
|----------------------------|---------|----------------------|----------------------|----------------------|-------------------|---------|
| <b>30 June 2021</b>        |         |                      |                      |                      |                   |         |
| Expected loss rate (%)     | 0.01%   | 0.00%                | 0.00%                | 0.00%                | 99.90%            | 18.81%  |
| Gross carrying amount (\$) | 383,883 | 339,144              | 40,383               | -                    | 177,082           | 940,492 |
| ECL provision              | 39      | 6                    | -                    | -                    | 176,901           | 176,946 |
| <b>30 June 2020</b>        |         |                      |                      |                      |                   |         |
| Expected loss rate (%)     | 0.09%   | 0.47%                | 0.85%                | 0.00%                | 62.97%            | 25.34%  |
| Gross carrying amount (\$) | 326,540 | 147,079              | 63,288               | 48,667               | 390,394           | 975,968 |
| ECL provision              | 304     | 684                  | 538                  | -                    | 245,828           | 247,354 |

Reconciliation of changes in the provision for impairment of receivables is as follows:

|                                                                           | 2021           | 2020           |
|---------------------------------------------------------------------------|----------------|----------------|
|                                                                           | \$             | \$             |
| Balance at beginning of the year (calculated in accordance with AASB 139) | 247,354        | 182,635        |
| Amount restated through opening retained earnings on adoption of AASB 9   | -              | -              |
| Opening impairment allowance calculated under AASB 9                      | <u>247,354</u> | <u>182,635</u> |
| Additional impairment loss recognised                                     | -              | -              |
| Amounts written off as uncollectible                                      | -              | -              |
| Movement through provision                                                | (70,453)       | 64,719         |
| Balance at end of the year                                                | <u>176,901</u> | <u>247,354</u> |

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings or when the trade receivables are over 2 years past due, whichever occurs first.

|                       | 2021           | 2020           |
|-----------------------|----------------|----------------|
|                       | \$             | \$             |
| <b>11 Inventories</b> |                |                |
| Raw materials         | 208,259        | 262,027        |
| Finished goods        | -              | -              |
|                       | <b>208,259</b> | <b>262,027</b> |

**Accounting treatment**

Inventories including raw materials and finished goods are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows :

*Raw materials* – purchase cost on either the weighted average cost or on first in, first out basis; and

*Finished goods* – cost of direct materials and labour and a proportion of variable and fixed manufacturing overheads based on normal operating capacity. Costs are assigned on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Inventory is written down through an obsolescence provision if necessary.

|                                       | \$             | \$             |
|---------------------------------------|----------------|----------------|
| <b>12 Plant and Equipment</b>         |                |                |
| Plant and equipment - at cost         | 1,799,900      | 1,842,135      |
| Accumulated depreciation              | (1,681,631)    | (1,666,742)    |
| Total owned plant and equipment       | <b>118,269</b> | <b>175,393</b> |
| Plant and equipment under lease       | 204,119        | 203,286        |
| Accumulated depreciation              | (155,245)      | (129,753)      |
| Total plant and equipment under lease | <b>48,875</b>  | <b>73,533</b>  |
| Leasehold improvements - at cost      | 452,312        | 252,670        |
| Accumulated depreciation              | (231,130)      | 114,892        |
| Total leasehold improvements          | <b>221,182</b> | <b>367,562</b> |
|                                       | <b>388,326</b> | <b>616,488</b> |

*Movements in carrying amounts*

|                                   | equipment      | equipment     | Improvements   | Totals         |
|-----------------------------------|----------------|---------------|----------------|----------------|
|                                   | \$             | \$            | \$             | \$             |
| Balance as at 1 July 2019         | 218,390        | 45,877        | 1,158          | 265,425        |
| Additions                         | 52,696         | 50,363        | 456,821        | 559,880        |
| Disposals                         | (39,300)       | -             | -              | (39,300)       |
| Depreciation expense for the year | (57,542)       | (22,707)      | (90,418)       | (170,667)      |
| Exchange adjustments              | 1,149          | -             | -              | 1,149          |
| Balance at 30 June 2020           | 175,393        | 73,533        | 367,562        | 616,488        |
| Additions                         | 14,729         | -             | -              | 14,729         |
| Disposals                         | (39,125)       | -             | (4,617)        | (43,742)       |
| Depreciation expense for the year | (34,007)       | (25,394)      | (144,115)      | (203,516)      |
| Exchange adjustments              | 1,279          | 736           | 2,353          | 4,368          |
| Balance at 30 June 2021           | <b>118,269</b> | <b>48,875</b> | <b>221,182</b> | <b>388,326</b> |

**12 Plant and Equipment (continued)****Accounting treatment**

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

*Depreciation*

Depreciation is calculated over the useful life of the asset using a combination of straight line basis and diminishing value method. The estimated useful lives of office The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

*Derecognition*

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

|                                    | 2021           | 2020           |
|------------------------------------|----------------|----------------|
|                                    | \$             | \$             |
| <b>13 Trade and Other Payables</b> |                |                |
| Trade payables                     | 183,275        | 158,608        |
| Sundry creditors and accruals      | 225,935        | 288,372        |
|                                    | <b>409,210</b> | <b>446,980</b> |

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

#### Accounting treatment

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables.

#### Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the Statement of financial position are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

## 14 Borrowings

#### Financing arrangements

|                                        | 2021 | 2020 |
|----------------------------------------|------|------|
|                                        | \$   | \$   |
| Current and Non Current Borrowings     | -    | -    |
| Non-Current - Convertible Notes issues | -    | -    |
|                                        | -    | -    |

Over the period 24 May 2019 to 22 June 2019, the consolidated entity issued 22 8% convertible notes, with a face value of \$25,000 each, for total proceeds of \$550,000. An additional 24 8% convertible notes were issued in the period from 1 July 2019 to 5 July 2019. Interest was paid in December 2019 in arrears at a rate of 8% per annum based on the face value. 32 of the notes with a face value of \$800,000 were redeemed at the election of the company in May 2020 the balance of 14 notes with a face value of \$350,000 were redeemed at the election of the company in June 2020. Interest at the rate of 8% was paid up to the date of redemption of each note. Funds for the redemption of the notes were provided from the successful capital raise conducted by the company in May and June 2020.

#### Accounting treatment

Transactions costs for the initial issue of the notes in 2019 were offset against the convertible notes payable liability.

In 2019 Loans and borrowings were initially recognised at the fair value of the consideration received, net of transaction costs and were subsequently measured at amortised cost using the effective interest method.

In the 2019 comparative figures, the component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

In 2019, on the issue of the convertible notes the fair value of the liability component was determined using the market rate for an equivalent non-convertible bond and this amount was carried as a non-current liability on the amortised cost basis until the notes were extinguished. The remainder of the proceeds were allocated to the conversion option and recognised in shareholders equity as a convertible note reserve, net of transaction costs. The interest on the convertible notes is expensed to profit or loss.

The company currently has no lines of credit provided for immediate use.

All borrowing costs are recognised as an expense in the period in which they are incurred.

|                                          |                                  |                 |             |
|------------------------------------------|----------------------------------|-----------------|-------------|
| <b>15</b>                                | <b>Employee Benefits</b>         | <b>2021</b>     | <b>2020</b> |
|                                          | <b>Current</b>                   | <b>\$</b>       | <b>\$</b>   |
|                                          | Employee benefits                | <b>102,932</b>  | 78,735      |
|                                          | <b>Non Current</b>               |                 |             |
|                                          | Employee benefits                | <b>16,240</b>   | 10,161      |
| <i>Employee benefits</i>                 |                                  |                 |             |
| Aggregate employee benefits provision :- |                                  |                 |             |
|                                          | Balance at beginning of the year | <b>73,769</b>   | 202,795     |
|                                          | Additional provisions            | <b>50,718</b>   | 136,784     |
|                                          | Amount used                      | <b>(45,752)</b> | (265,810)   |
|                                          | Balance at end of the year       | <b>78,735</b>   | 73,769      |

**Accounting treatment****Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period in which the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

The current provision for all employee benefits includes all unconditional entitlements where employees have completed the required period of service. The amount is presented as current since the consolidated entity does not have unconditional right to defer settlement. However based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued annual and long service leave within the next twelve months.

|                                                                          |               |        |
|--------------------------------------------------------------------------|---------------|--------|
| Employee benefits obligations expected to be settled after twelve months | <b>29,903</b> | 12,240 |
|--------------------------------------------------------------------------|---------------|--------|

*(i) Wages, salaries and annual leave*

Liabilities for wages and salaries, including non monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' service up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

*(ii) Long service leave*

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality Australian corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

|           |                   |              |             |
|-----------|-------------------|--------------|-------------|
| <b>16</b> | <b>Provisions</b> | <b>2021</b>  | <b>2020</b> |
|           | <b>Current</b>    | <b>\$</b>    | <b>\$</b>   |
|           | Other provisions  | <b>7,105</b> | 7,105       |
|           |                   | <b>7,105</b> | 7,105       |

*Other provisions*

A provision of \$7,105 (2020 : \$7,105) estimating potential amounts payable under an agreement with an Australian motor vehicle distributor where DataDot has agreed to remit the theft excess (to a maximum of \$800) payable by automobile owners in the event that vehicles are stolen and remain unrecovered (subject to conditions) is included in other provisions.

**Accounting treatment**

Provisions are recognised when DataDot has a present obligation (legal or constructive) when, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

|                               |                |                |
|-------------------------------|----------------|----------------|
| <b>17 Other Liabilities</b>   | <b>2021</b>    | <b>2020</b>    |
| <b>Current</b>                | <b>\$</b>      | <b>\$</b>      |
| Deferred income               | 8,895          | 64,699         |
| Revenue received in advance   | 19,120         | 21,635         |
| Other Current Liabilities     | 164,866        | 40,639         |
|                               | <b>192,882</b> | <b>126,973</b> |
| <b>Non-Current</b>            |                |                |
| Other liabilities             | 20             | -              |
| Property and Equipment Leases | 100,511        | 411,856        |
|                               | <b>100,531</b> | <b>411,856</b> |

|                                                           |               |             |               |             |
|-----------------------------------------------------------|---------------|-------------|---------------|-------------|
| <b>18 Issued capital</b>                                  | <b>2021</b>   | <b>2021</b> | <b>2020</b>   | <b>2020</b> |
|                                                           | <b>No</b>     | <b>\$</b>   | <b>No</b>     | <b>\$</b>   |
| Issued capital at beginning of financial period           | 1,260,709,351 | 41,557,528  | 810,606,351   | 39,692,526  |
| Less Shares Cancelled during the year:                    | (24,189,618)  | -           | (16,126,414)  | -           |
| Shares issued or under issue during the year :            |               |             |               |             |
| Share placement                                           | 5,349,733     | 39,267      | 205,201,578   | 845,535     |
| Shares under the Rights Issue                             | -             | -           | 261,027,836   | 1,044,111   |
| Share issue costs                                         | -             | -           | -             | (24,644)    |
| Vested share rights issued during the year under the ESRP | -             | -           | -             | -           |
| Issued capital at the end of the financial period         | 1,241,869,466 | 41,596,795  | 1,260,709,351 | 41,557,528  |
| There is no current on-market share buy-back.             |               |             |               |             |

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Capital Management*

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. The capital risk management policy remains unchanged from 30 June 2020 Annual Report.

*Issued capital*

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

|                                      |             |             |
|--------------------------------------|-------------|-------------|
| <b>19 Reserves</b>                   | <b>2021</b> | <b>2020</b> |
|                                      | <b>\$</b>   | <b>\$</b>   |
| Foreign currency translation reserve | (1,742,400) | (1,729,745) |

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

*Employee equity benefits reserve*

|                                        |                |                |
|----------------------------------------|----------------|----------------|
| Balance at beginning of financial year | 403,596        | 398,220        |
| Movement in share based payments       | -              | 5,376          |
| Employee equity benefits reserve       | <b>403,596</b> | <b>403,596</b> |

The employee equity benefits reserve is used to record the value of share based payments provided to employees, including KMP, as part of their remuneration. Refer to Note 26.

*Other Reserves*

|                                        |                  |                  |
|----------------------------------------|------------------|------------------|
| Balance at beginning of financial year | (678,623)        | (583,454)        |
| Movement in Convertible Note Reserve   | -                | (95,169)         |
|                                        | <b>(678,623)</b> | <b>(678,623)</b> |

This reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control. This reserve is also used to record the equity residual differences on convertible notes, net of transaction costs.

|                       |                    |                    |
|-----------------------|--------------------|--------------------|
| <b>Total Reserves</b> | <b>(2,017,427)</b> | <b>(2,004,772)</b> |
|-----------------------|--------------------|--------------------|

|                                                                         |  | 2021           | 2020           |
|-------------------------------------------------------------------------|--|----------------|----------------|
|                                                                         |  | \$             | \$             |
| <b>20 Commitments</b>                                                   |  |                |                |
| <b>Operating lease commitments</b>                                      |  |                |                |
| Committed at the reporting date and recognised as liabilities, payable: |  |                |                |
| Within one year                                                         |  | 163,121        | 40,780         |
| One to five years                                                       |  | 100,511        | 411,836        |
|                                                                         |  | <b>263,633</b> | <b>452,616</b> |

Refer to note 27 for information on leases for 2021.

#### Remuneration commitments

Commitments for the payment of salaries and other remuneration under long term employment contracts in existence at the reporting date but not recognised as liabilities.

Minimum remuneration payments payable:

    Within one year

**102,228**      135,000

#### 21 Contingent Liabilities

##### Guarantees

DataDot has issued bank guarantees of \$34,375 (2020: \$34,375). No liability was recognised by DataDot in relation to the bank guarantee as the fair value of the guarantee is immaterial.

##### Theft deterrent system rebate contingencies

Under an agreement with an Australian motor vehicle distributor, DataDot has agreed to remit the theft excess (to a maximum of \$800) payable by automobile owners in the event that vehicles are stolen and remain unrecovered (subject to certain conditions). A provision has been made (refer Note 16 Provisions). The estimate is based on the probability of vehicles being stolen and unrecovered and claims being made. Should these estimates prove incorrect then an adjustment may have to be made to either increase or decrease the amount due and payable.

##### Tax related contingencies - transfer pricing

DataDot has offshore operations in the United Kingdom and has recently closed its operations in United States but retains the business which it services out of Australia. There are intra Group transactions, which include DataDot and its subsidiaries. These transactions are on an arm's length basis and are conducted at normal market prices and on normal commercial terms.

#### 22 Subsidiaries and Associated Entities

|                                                 | Principal place of business/<br>Country of Incorporation | Ownership interest %<br>2021 | 2020 |
|-------------------------------------------------|----------------------------------------------------------|------------------------------|------|
| <i>Ultimate parent entity</i>                   |                                                          |                              |      |
| DataDot Technology Limited                      | Australia                                                |                              |      |
| <i>Wholly-owned subsidiaries</i>                |                                                          |                              |      |
| DataDot Technology (Australia) Pty Limited      | Australia                                                | 100                          | 100  |
| DataDot Technology USA Inc.                     | USA                                                      | 100                          | 100  |
| DataTraceID (USA) Inc                           | USA                                                      | 100                          | 100  |
| DataDot Technology (UK) Limited                 | UK                                                       | 100                          | 100  |
| DataTraceID Europe Limited                      | UK                                                       | 100                          | 100  |
| DataTraceID Pty Limited                         | Australia                                                | 100                          | 100  |
| <i>Associated entities</i>                      |                                                          |                              |      |
| Brandlok Brand Protection Solutions Pty Limited | Australia                                                | 20                           | 20   |

**23 Key Management Personnel Disclosures***Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

|                                                   | 2021           | 2020           |
|---------------------------------------------------|----------------|----------------|
|                                                   | \$             | \$             |
| <i>Remuneration of key management personnel :</i> |                |                |
| Short term employee benefits                      | 415,419        | 633,809        |
| Post employment benefits                          | 23,684         | 38,416         |
| Share based payments (Note 26)                    | -              | 2,688          |
|                                                   | <b>439,103</b> | <b>674,913</b> |

**24 Related Party Transactions***Parent entity*

DataDot Technology Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in Note 22.

*Associated entities*

Nil

*Key management personnel*

Disclosures relating to remuneration for key management personnel are set out in Note 24 and the remuneration report in the directors' report.

Other transactions during the year are:

|                                                                     | 2021    | 2020    |
|---------------------------------------------------------------------|---------|---------|
| Interest Paid by the company on Convertible Notes                   | -       | 27,238  |
| Rent received on premises leased by the group                       | 25,886  | 11,226  |
| Reimbursement of expenses incurred in the normal course of business | 143,456 | 146,400 |
| Payment by the Group of Vault Licence Fees                          | 37,277  | 9,041   |

Amounts owing from / (to) Directors and Director Related entities at balance date: (since received) **4,097** 2,826

Amounts owing to Property Vault International Pty Ltd (since paid) **10** 12,496

**25 Financial Risk Management**

DataDot's principal financial instruments comprise finance leases and cash and short term deposits. The main purpose of these financial instruments is to raise finance for DataDot's operations. DataDot has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, DataDot's policy that no trading in financial instruments shall be undertaken. The main risks arising from DataDot's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

**Risk Exposures and Responses**

The main risks DataDot is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and foreign currency risk.

*Interest Rate Risk*

The group is not subject to any interest rate risk. Convertible notes previously issued at a fixed interest rate have been redeemed.

*Foreign exchange risk*

As a result of significant investment in wholly owned controlled entities in the United States and the United Kingdom, DataDot's statement of financial position can be affected significantly by movements in the exchange rates. DataDot does not seek to hedge this exposure.

DataDot also has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. As each of the individual entities within the Group primarily transact in their own respective currency, foreign currency risk is deemed to be minimal.

DataDot does require its operating units to use forward currency contracts to eliminate the currency exposures on any individual transactions in excess of \$100,000 for which payment is anticipated more than one month after DataDot has entered into a firm commitment for a sale or purchase. There has been no such transaction during the year. It is DataDot's policy not to enter into forward contracts until a firm commitment is in place and to negotiate the terms of the hedge derivatives to exactly match the terms of the hedged item to maximise hedge effectiveness.

**25 Financial Risk Management (continued)***Price risk*

DataDot's exposure to commodity price risk is minimal.

*Credit risk*

DataDot trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it DataDot's policy to securitise its trade and other receivables.

It is DataDot's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that DataDot's exposure to bad debts is not significant. There has been no change to credit risk since initial recognition.

*Liquidity risk*

Liquidity risk arises from the financial liabilities of DataDot and DataDot's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

DataDot's objective is to maintain a balance between continuity of funding and flexibility through the use of loans, convertible notes, finance leases and hire purchase contracts. DataDot manages liquidity risk by monitoring cash flow and maturity profiles of financial assets and liabilities.

**Maturity analysis of financial assets and liabilities based on management's expectations**

The risk implied from the values shown in the tables below, reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as plant and equipment and investments in working capital (e.g. inventories and trade receivables). These assets are considered in DataDot's overall liquidity risk.

**Consolidated entity 30 June 2021**

|                                             | Within 1 Year<br>\$ |
|---------------------------------------------|---------------------|
| <b>Financial Assets</b>                     |                     |
| Cash and cash equivalents                   | 2,328,358           |
| Trade and other receivables                 | 763,591             |
| Grant and term deposit interest receivables | 104,067             |
|                                             | <u>3,196,016</u>    |
| <b>Financial Liabilities</b>                |                     |
| Trade and other payables                    | 409,210             |
|                                             | <u>409,210</u>      |
| <b>Net maturity</b>                         | <u>2,786,806</u>    |

**Consolidated entity 30 June 2020**

|                              | Within 1 Year<br>\$ |
|------------------------------|---------------------|
| <b>Financial Assets</b>      |                     |
| Cash and cash equivalents    | 1,005,324           |
| Trade and other receivables  | 777,179             |
| Grant receivable             | 214,395             |
|                              | <u>1,996,898</u>    |
| <b>Financial Liabilities</b> |                     |
| Trade and other payables     | 446,980             |
|                              | <u>446,980</u>      |
| <b>Net maturity</b>          | <u>1,549,918</u>    |

*Remaining contractual maturities*

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

## 25 Financial Risk Management (continued)

|                                      | average<br>% | 1 year or less<br>\$ | years<br>\$ | contractual<br>\$ |
|--------------------------------------|--------------|----------------------|-------------|-------------------|
| <b>Consolidated - 2021</b>           |              |                      |             |                   |
| <b>Non-derivatives</b>               |              |                      |             |                   |
| <i>Non-interest bearing</i>          |              |                      |             |                   |
| Trade and other payables             | -            | 409,210              | -           | 409,210           |
| <i>Interest-bearing - fixed rate</i> |              |                      |             |                   |
| Convertible notes payable            |              | -                    | -           | -                 |
| Total non-derivatives                |              | 409,210              | -           | 409,210           |
| <b>Consolidated - 2020</b>           |              |                      |             |                   |
| <b>Non-derivatives</b>               |              |                      |             |                   |
| <i>Non-interest bearing</i>          |              |                      |             |                   |
| Trade and other payables             | -            | 446,980              | -           | 446,980           |
| <i>Interest-bearing - fixed rate</i> |              |                      |             |                   |
| Convertible notes payable            |              | -                    | -           | -                 |
| Total non-derivatives                |              | 446,980              | -           | 446,980           |

*Fair value of financial instruments*

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair values.

## 26 Option and Share Based Payments

|                                                                                      | 2021<br>\$ | 2020<br>\$   |
|--------------------------------------------------------------------------------------|------------|--------------|
| Expenses arising from share based payments to Key Management Personnel :             |            |              |
| CFO Share Loan Scheme for David Williams issued @ 2.7c                               | -          | 2,688        |
| Share Loan Scheme for Steve Delepine issued @ 2.7c                                   | -          | 2,688        |
| <b>Total expense arising from options and share based payments during the period</b> | <b>-</b>   | <b>5,376</b> |

40,316,032 shares were issued to KMP in August 2017 as part of the modification to the share based payment scheme. These shares were valued at \$0.001 for shares issued to the CEO / Managing Director and \$0.002 for shares issued to other KMP. Calculations were based on a Black Scholes valuation methodology, using a risk free rate of 2.565%, the DDT share price of \$0.005 and the share issue and loan price of \$0.027. The charge to the profit and loss in FY2020 is the final Share Based Payment attributable to these shares.

No shares were issued under the Share Loan Scheme during the current financial year or the previous financial year.

## Movements in share rights for the financial year

|                                        | 2021<br>No | 2021<br>Avg issue \$ | 2020<br>No | 2020<br>Avg issue \$ |
|----------------------------------------|------------|----------------------|------------|----------------------|
| Balance at the beginning of the period | 2,000,000  | 0.0300               | 2,000,000  | 0.0300               |
| Rights granted                         | -          | -                    | -          | -                    |
| Shares issued                          | -          | -                    | -          | -                    |
| Rights expired/cancelled               | -          | -                    | -          | -                    |
| Balance at the end of the period       | 2,000,000  |                      | 2,000,000  |                      |

## Movements in share options for the financial year

|                                        | 2021<br>No | 2021<br>Avg issue \$ | 2020<br>No  | 2020<br>Avg issue \$ |
|----------------------------------------|------------|----------------------|-------------|----------------------|
| Balance at the beginning of the period | -          | -                    | 9,000,000   | 0.0538               |
| Options issued                         | -          | -                    | -           | -                    |
| Options expired                        | -          | -                    | (9,000,000) | -                    |
| Balance at the end of the period       | -          | -                    | -           | -                    |

**26 Option and Share Based Payments (continued)**

Share rights are granted by the Board, under the DataDot Technology Executive Share Rights Plan, on such terms and conditions as the Board determines, to eligible employees. A grant of share rights does not confer any right or interest in shares until all terms and conditions have been satisfied. They confer no voting rights. At pre-determined vesting intervals, subject to grantees satisfying the terms and conditions of grant, including continuous employment, each share right provides an entitlement to the issue of one ordinary share in the Company.

At the discretion of the Board, 2,000,000 Share Rights outstanding at the end of the year have been approved for vesting to be effective after the release date of this report.

The 9,000,000 expired share options related to employees who have left the company and were forfeited - Andrew Winfield 6,000,000 and Laura Whetstone 3,000,000.

The options are issued for nil consideration.

No options were issued in FY20 and FY21 and all Options previously issued have now expired.

**Accounting treatment****Share based payment transactions - when applicable***Equity settled transactions:*

No new Share Based Payments have been provided by DataDot during the year. A legacy amount of \$5,376 was taken up in 2020 as the final cost associated with the now terminated Share Issue and Loan Scheme.

DataDot had a share-based payments scheme whereby the company provided benefits to its employees (including KMP) in the form of share based payments, whereby employees render services in exchange for rights over shares (equity settled transactions).

The Executive Share Rights Plan (ESRP) (when operative) provides benefits to senior executives of DataDot.

The cost of equity settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

For share options granted during any year, the cost of equity-settled transactions are measured at fair value on the grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

For shares issued under the share loan scheme during any year, the cost of equity-settled transactions are measured at fair value on the grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the scheme, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the scheme, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

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 (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

- (i) The grant date fair value of the award.
- (ii) The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non market performance conditions being met.
- (iii) The expired portion of the vesting period.

The charge to the statement of profit or loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if fewer awards vest than were originally anticipated. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

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 payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity settled award is cancelled, it is treated as if it had expired on the date of cancellation. 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 earnings per share (see Note 8).

**27 Leases****Company as a lessee**

The Group have leases over a range of assets including land and buildings and equipment.

Information relating to the leases in place and associated balances and transactions are provided below.

*Terms and conditions of leases*

The initial term of the building leases for the corporate office, factory and warehouse in Brookvale expires in December 2022. They have 3 year option extension at the discretion of the Group. The rentals are subject to a fixed increase of 3% for the initial term on the factory and warehouse and 8% and 7% on the upstairs lease.

The term on the UK office, factory and warehouse lease commenced in June 2018 and expires in June 2023. The rentals are fixed and there is no option in the lease to extend.

The equipment leases are for various items of plant and equipment. 5 year terms commenced in July 2019 and December 2019 respectively. The lease payments are fixed.

| Right-of-use assets                            | Buildings<br>\$ | Plant and<br>Equipment<br>\$ | Total<br>\$    |
|------------------------------------------------|-----------------|------------------------------|----------------|
| <b>Year ended 30 June 2021</b>                 |                 |                              |                |
| Additions/(Adjustments) to right-of-use assets | (9,234)         | -                            | (9,234)        |
| Amortisation charge                            | 229,563         | 17,396                       | 246,959        |
| <b>Balance at end of year</b>                  | <b>220,329</b>  | <b>17,396</b>                | <b>237,725</b> |

**Lease liabilities**

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

|                   | < 1 year | 1 - 5 years | > 5 years | Total<br>undiscounted<br>lease liabilities | Lease liabilities<br>included in this<br>Statement Of<br>Financial Position |
|-------------------|----------|-------------|-----------|--------------------------------------------|-----------------------------------------------------------------------------|
| <b>2021</b>       | \$       | \$          | \$        | \$                                         | \$                                                                          |
| Lease liabilities | 177,790  | 111,481     | -         | 289,271                                    | 263,633                                                                     |

**Extension options**

A number of the building leases contain extension options which allow the Group to extend the lease term by up to twice the original non-cancellable period of the lease.

The Group includes options in the leases to provide flexibility and certainty to the Group operations and reduce costs of moving premises and the extension options are at the Group's discretion.

At commencement date and each subsequent reporting date, the Group assesses where it is reasonably certain that the extension options will be exercised.

**Statement of Profit or Loss and Other Comprehensive Income**

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Group is a lessee are shown below:

|                                                 | 2021<br>\$     |
|-------------------------------------------------|----------------|
| Interest expense on lease liabilities           | 14,907         |
| Expenses relating to leases of low-value assets | -              |
| Amortisation of right-of-use assets             | 149,749        |
|                                                 | <u>164,656</u> |
| <b>Statement of Cash Flows</b>                  |                |
| Total cash outflow for leases                   | <u>194,158</u> |

**Accounting treatment****For comparative year**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, are classified as finance leases.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

**For current year**

At inception of a contract, the Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

**Lessee Accounting**

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**Exceptions to lease accounting**

The Group elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

**28 Parent Entity Information**

The following information has been extracted from the books and records of the parent, DataDot Technology Limited and has been prepared in accordance with Accounting Standards.

**Statement of financial position**

|                         | 2021         | 2020         |
|-------------------------|--------------|--------------|
|                         | \$           | \$           |
| Current assets          | 3,224,230    | 1,964,427    |
| Non current assets      | 5,809,723    | 5,857,662    |
| Total assets            | 9,033,953    | 7,822,089    |
| Current liabilities     | 336,962      | 256,245      |
| Non current liabilities | 4,626,702    | 4,834,638    |
| Total liabilities       | 4,963,664    | 5,090,883    |
| <b>Equity</b>           |              |              |
| Issued capital          | 41,596,795   | 41,557,529   |
| Accumulated losses      | (38,754,412) | (40,054,229) |
| Reserves                | 1,227,906    | 1,227,906    |
| Total equity            | 4,070,289    | 2,731,206    |

**Statement of profit or loss and other comprehensive income**

|                                  |           |         |
|----------------------------------|-----------|---------|
| Profit / (Loss) after income tax | 1,299,817 | 972,600 |
| Total comprehensive income       | 1,299,817 | 972,600 |

**Parent Entity Commitments and Guarantees**

DataDot has issued a bank guarantee of \$34,375 (2020: \$34,375). No liability was recognised by DataDot in relation to the bank guarantee as the fair value of the

**Remuneration commitments**

|                                                                                                                         | 2021    | 2020    |
|-------------------------------------------------------------------------------------------------------------------------|---------|---------|
|                                                                                                                         | \$      | \$      |
| Commitments for the payment of salaries and other remuneration under long term employment contracts in existence at the |         |         |
| Minimum remuneration payments payable                                                                                   |         |         |
| Within one year                                                                                                         | 102,228 | 135,000 |

**Contingent liabilities**

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

**Capital commitments**

The parent entity had no capital commitments for plant and equipment as at 30 June 2021 and 30 June 2020.

**Significant accounting policies**

The accounting policies of the parent entity are consistent with those of the consolidated entity as disclosed throughout the report.

**29 Events after the reporting period**

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the operations of the Group, the results of its operations or the state of affairs in future financial years.

**30 Summary of other significant accounting policies****(a) Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 28.

**(b) Principles of consolidation**

Interests in associates and joint ventures are equity accounted and are not part of the Consolidated Group.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by DataDot and cease to be consolidated from the date on which control is transferred from DataDot.

Profits / Losses are attributed to the non controlling interest even if that results in a deficit balance.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest results in an adjustment between the carrying amounts of the controlling interest and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and the consideration paid or received is recognised as a separate reserve within equity attributable to owners of DataDot Technology Limited.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**(c) Foreign currency translation****Functional and presentation currency**

Both the functional and presentation currency of DataDot Technology Limited and its Australian subsidiaries is Australian dollars (\$). Each entity in DataDot determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currencies of the overseas subsidiaries are:

| <i>Name of overseas subsidiaries</i> | <i>Functional currency</i>  |
|--------------------------------------|-----------------------------|
| DataDot Technology USA Inc           | United States Dollar (US\$) |
| DataDot Technology (UK) Ltd          | Great Britain Pound (£)     |

**Transactions and balances**

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at balance date.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

**30 Summary of other significant accounting policies (continued)****(c) Foreign currency translation (continued)****Translation of Group Companies functional currency to presentation currency**

The results of the overseas subsidiaries are translated into Australian dollars (presentation currency) as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at reporting date.

As at the reporting date the assets and liabilities of these subsidiaries are translated into the presentation currency of DataDot Technology Limited at the rate of exchange ruling at the statement of financial position date and their statements of comprehensive income are translated at the average exchange rate for the year.

Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity. These variations are recognised in the statement of comprehensive income in the period.

**(d) Revenue recognition**

The Group has adopted application of AASB 15 "Revenue from contracts with customers" from 1 July 2018. The core principle of the standard is that the Group will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

**Determining the transaction price**

The Group's revenue is derived from fixed price agreements and therefore the amount of revenues to be earned from each agreement is determined by reference to those fixed prices. There is no variable consideration with these agreements.

**Allocation of amounts to performance obligations**

For most agreements, there is only one performance obligation and a fixed unit price for the good or service provided. As such, there is no judgement involved in the allocation of amounts specific performance obligations. In those instances where there is more than one performance obligation, the unit price is clearly defined and is allocated against the specific performance obligation. Some goods sold by the Group include warranties which require the Group to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with AASB 15, such warranties are not accounted for as separate obligations and hence no revenue is allocated to them.

**(i) Sale of goods**

Sale of goods revenue is recognised at a point in time when the Group have met all of their performance obligations including delivery. There is limited judgement in identifying the point control passes; once the goods have left the warehouse or are delivered, depending on the type of good. The group will have a present right to payment and retains none of the significant risk and rewards of the goods.

**(ii) Rendering of services**

Revenue from the rendering of a service is recognised on an over time basis based on stage of completion of the contract.

**(iii) Royalties**

Revenue is recognised at a point in time when the underlying goods are sold. Fixed rate manufacturing royalties are recognised over the period of the underlying agreement.

**(iv) Licence fee**

Licence fees are recognised over time in line with the invoice period. Performance obligations are satisfied over time. This is a faithful depiction of the transfer of services, as customers simultaneously receive and consume services provided over the invoiced period.

**(v) Interest income**

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

**(e) Financial instruments**

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs.

*Financial Assets*

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

*Classification*

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

*Amortised cost*

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

*Impairment of financial assets*

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost; and

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

*Trade receivables*

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group have determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

*Other financial assets measured at amortised cost*

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

*Financial liabilities*

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables and convertible notes.

**30 Summary of other significant accounting policies (continued)****(f) Adoption of new accounting standards**

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2020.

New and revised Standards and amendments thereof and interpretations effective for the current year that are relevant to the Group include:

- AASB 2020-4 Amendments to Australian Accounting Standards - Covid 19-Related Rent Concessions\*

\* In April 2021 the AASB issued AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19- Related Rent Concessions beyond 30 June 2021: This amendment extends the relief by one year to cover rent concessions that reduce only lease payments due on or before 30 June 2022. The amendment is effective for annual reporting periods beginning on or after 1 April 2021 but earlier application is permitted, including in financial statements not authorised for issue at 31 March 2021.

The Group has early adopt AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021 in the current year. The new Standards did not have a material impact on the financial statements.

**AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions and AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021**

AASB 2020-4 and AASB 2021-3 amend AASB 16 Leases to provide practical relief to lessees in accounting for rent concessions arising as a result of COVID-19, by including an additional practical expedient in the standard.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying AASB 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for The lease that is substantially The same as, or less than, The consideration for The lease immediately preceding The change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022)
- There is no substantive change to other terms and conditions of the lease.

The amendment in AASB 2020-4 applies to annual reporting periods beginning on or after 1 June 2020 and applied to rent concessions affecting payments originally due on or before 30 June 2021. The amendment in AASB 2021-3 applies to annual reporting periods beginning on or after 1 April 2021 and extends the ambit of the practical expedient to include rent concessions affecting payments originally due on or before 30 June 2022.

The directors have elected under s.334(5) of the Corporations Act 2001 to apply AASB 2021-3 prior to its mandatory effective date. These amendments are required to be applied on a retrospective basis, with the cumulative effect of initially applying AASB 2021-3 recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment. However, as all additional eligible rent concessions to which the practical expedient has been applied, have been negotiated or entered into during the current financial year, there is no amount that impacts prior financial reporting periods. As a result, there is no retrospective adjustment in respect of retained earnings or other component of equity at the beginning of the reporting period (1 July 2020).

**Impact on accounting for changes in lease payments applying the exemption**

In applying the practical expedient the Group has:

- Applied the expedient to the Sydney lease only which commenced during the prior year. No concessions were granted on the UK lease.
- In June 2021 the Group paid the \$153,046 concessions that had been granted in relation to the Sydney Lease for the period ending on 1 July 2021.

- Recognised a change in lease payments from 1 July 2021 compared to what had been provided at 30 June 2020 and recalculated the NPV of the future lease payment cash flows and reassessed the NPV of the associated lease liabilities, consistent with the requirements of paragraph 9.3.3.1 of AASB9 Financial Instruments.

In accordance with the transitional provisions, the Group has applied the amendment prospectively in accordance with AASB 108 Accounting Policies, Changes in Estimates and Errors, and has not restated prior period figures. As the rental concessions have been fully consumed during the current financial period on leases that commenced in the 2020 financial period, there is no retrospective adjustment to opening balance of retained earnings at 1 July 2020 on application of the updated cash flow.

**Financial instruments**

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs.

*Financial Assets*

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

*Classification*

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

**(g) Critical accounting estimates and judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

*Impairment of non financial assets*

DataDot assesses impairment of all assets at each reporting date by evaluating conditions specific to DataDot and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. Given the current uncertain economic environment management considered that the indicators of impairment were significant enough and as such these assets have been tested for impairment in this financial period.

*Capitalised development costs*

Development costs are only capitalised by DataDot when it can be demonstrated that the technical feasibility of completing the intangible asset is valid so that the asset will be available for use or sale.

*Taxation*

DataDot's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, restoration costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of profit or loss.

*Share based payment transactions*

DataDot measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The accounting estimates and assumptions relating to equity settled share based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

*Estimation of useful lives of assets*

The estimation of the useful lives of property, plant and equipment and finite intangible assets has been based on historical experience as well as lease terms (for leased equipment). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.

*Employee benefits provision*

As discussed in Note 15, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimate of attrition rates and pay increases through promotion and inflation have been taken into account.



## Directors' Declaration

### In the Directors' opinion

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

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

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

On behalf of the directors

Ray Carroll  
23 August 2021

# Independent Auditor's Report to the Members of DataDot Technology Limited

## Opinion

We have audited the financial report of DataDot Technology Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of DataDot Technology Limited, is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

## Basis for Opinion

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

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

## Key audit matters

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

## Revenue Recognition

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                 | How the matter was addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Refer to Note 2 of the financial report and Note 31 for accounting policy.</p> <p>Revenue is a key driver to the Group For the year ended 30 June 2021 the Group recognised \$3,896,113 (2020: \$3,774,569).</p> <p>The Group's management focuses on revenue as a key driver by which the performance of the Group is measured.</p> <p>This is a key audit matter due to the differing revenue streams and total balance of the revenue.</p> | <p>Our audit procedures included, amongst others;</p> <ul style="list-style-type: none"><li>Assessing the Group's accounting policy for revenue to ensure it has been correctly formulated in accordance with the Australian Accounting Standards, with particular focus on the adoption of AASB 15;</li><li>Performing analytical procedures to understand movements and trends in revenue for comparisons against expectations;</li><li>Checking a sample of revenue transactions to evaluate whether they were appropriately recorded as revenue ensuring the amounts recorded agreed to supporting evidence; and</li><li>Performing cut-off testing to ensure that revenue transactions around year end have been recorded in the correct reporting period.</li></ul> |

## Going Concern

| Key audit matter                                                                                                                                                                                                                                                                                                                      | How the matter was addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>As set out in Note 1 of the financial report the directors' have assessed the ability of the Group to continue as a going concern and therefore the appropriateness of the Group preparing the financial report on a going concern basis.</p> <p>This is a key audit matter due to previous deficiency in operating cashflows.</p> | <p>Our audit procedures included, amongst others;</p> <ul style="list-style-type: none"><li>Reviewing the Group's assessment of the appropriateness of the going concern basis of accounting;</li><li>Performing procedures on the Group's Board approved budget for the year ended 30 June 2022, including critical analysis of the assumptions driving the Group's budget; and</li><li>Assessment of the Group's liquidity position as at 30 June 2021 and the cash needs flowing from the 2022 forecast including sensitivity analysis in relation to the expected 2022 results.</li></ul> |

## Other information

The directors are responsible for the other information. The other information comprises the information contained in the Group's Financial Report for the year ended 30 June 2021, but does not include the



financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

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

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

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

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

### **Responsibilities of the Directors for the Financial Report**

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

In preparing the financial report, the directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

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

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

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.



## **Report on the Remuneration Report**

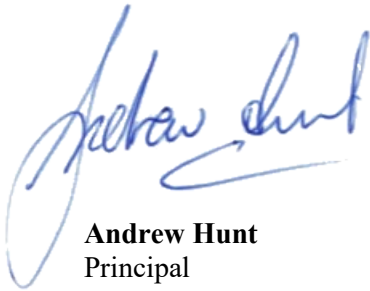
### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 14 to 19 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Datadot Technology Limited, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

### **Responsibilities**

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



**Andrew Hunt**  
Principal

Parramatta

23 August 2021

