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2023

Appendix 4E



## DTI Group Ltd (ASX:DTI)

ABN 15 069 791 091

## Appendix 4E – Preliminary Final Report

	Year ended 30 June 2023 \$000	Year ended 30 June 2022 \$000	\$ Change	% Change
Revenues from ordinary activities	13,265	15,887	(2,622)	(17)
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	(473)	424	(897)	(212)
Profit (loss) from ordinary activities after tax attributable to members	(940)	86	(1,026)	(1,193)
Net profit (loss) for the year attributable to members	(940)	86	(1,026)	(1,193)

**DTI has delivered on its stated business strategy in FY23**

DTI progressively delivered key components of its stated business strategy over the financial year ended 30th June 2023 (FY23). These initiatives did much more than just stabilise the Company's supply chain. They saw the delivery of product feature enhancements and associated service improvements, which, as a package, ensured DTI's offerings better met the demands being made by current and potential clients in 'quicker opportunity-to-sale markets' such as bus operators. This resulted in lower complex train-based revenues, a decline partially offset by increased vehicle-based revenue as newly upgraded products started to penetrate their addressable markets.

The consolidated group reported revenues of \$13.3m in FY23, which was down 16.5% on the previous corresponding year (FY22).

An EBITDA loss of -\$0.47m (FY22: \$0.42m) and an NPAT loss of -\$0.94m (FY22: \$0.09m) were also reported in the group's FY23.

**A broader DTI product offering in place by end-FY23**

DTI's product offering was expanded in FY23, and, looking ahead, some additional new products are in the pipeline and expected to be progressively released over the Company's FY24. Together, they provide DTI with a clear path to stronger revenue growth over the coming 12 months.

Product development of the next generation of DTI's flagship mobile digital server (MDR) commenced and was substantially complete by year's end. This built upon the successful development of the compact server (CDR) in FY22, which enabled the sale of more than 100 CDR systems during FY23. DTI's revenue base is already benefiting from the clearcut competitive advantages delivered by these product-related investments - and will continue to do so in FY24. These sustainable advantages include a strengthened supply chain, multi-location manufacturing capabilities, reduced electronic component obsolescence risk, and an enhancement of DTI's market-positioning as a provider of high-value solutions.

DTI's FY23 investment program extended beyond hardware development. The Company also invested in its back-office software, *DTI Central*, over the period. Modules for Liveview, route tracing, reporting and automatic event creation have been implemented into the latest version. Cloud-based deployments are now possible, and significant cyber security enhancements have been implemented in on-vehicle and back-office systems. AI

capabilities were also refined – DTI can provide actionable insights to transport operators through its pantograph monitoring, driver fatigue and object recognition solutions.

Adding to the Company's performance upside over the coming year, the group has recently identified a new high-volume market segment, which leverages DTI's existing capabilities in on-vehicle hardware and back-office software. A proof of concept has already been completed, and a formal proposal was provided in Q1 FY24 to a blue-chip customer for the possible deployment of the solution during the year.

During the financial year, the Company did not issue any share capital.

	30 June 2023	30 June 2022
Number of Securities	446,997,439	446,997,439
Net tangible assets per security (cents)	0.01	0.014

The Company did not declare any dividends during the financial year ended 30 June 2023.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2023

	Note	2023 \$	2022 \$
Sales Revenue		13,264,585	15,887,389
Cost of Goods Sold		(8,817,888)	(10,361,848)
Operational overheads		(2,547,752)	(2,537,874)
Onerous project expense		–	–
<b>Gross Margin</b>		<b>1,898,945</b>	<b>2,987,667</b>
Impairment (expense) / reversal		(59,638)	128,834
Other income		110	2,938
Other expenses		–	(117,669)
Foreign exchange gain/(loss)		100,370	(233,611)
Corporate overheads		(2,412,624)	(2,344,100)
Depreciation/amortisation		(363,313)	(272,013)
Net interest and finance gain/(loss)		(103,833)	(65,765)
<b>Net Profit/(Loss) Before Tax</b>		<b>(939,983)</b>	<b>86,281</b>
Tax (expense)/benefit		–	–
<b>Net Profit/(Loss) After Tax</b>		<b>(939,983)</b>	<b>86,281</b>
<b>Other comprehensive income/(loss)</b>			
Items that may be reclassified to profit or loss:			
Exchange differences		(119,938)	123,677
<b>Total other comprehensive income/(loss)</b>		<b>(119,938)</b>	<b>123,677</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>(1,059,921)</b>	<b>209,958</b>
<b>Total comprehensive income/(loss) is attributable to:</b>			
Owners of DTI Group Ltd		(1,059,921)	209,958
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company:</b>			
Basic earnings per share (cents per share)	4	(0.21)	0.02
Diluted earnings per share (cents per share)	4	(0.21)	0.02

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



# Consolidated Statement of Financial Position

as at 30 June 2023

	Note	2023 \$	2022 \$
<b>Current assets</b>			
Cash and cash equivalents		1,113,237	1,558,055
Trade and other receivables		3,913,008	4,086,185
Contract assets		80,279	1,022,440
Inventories		4,511,781	4,170,779
Other current assets		289,599	483,390
<b>Total current assets</b>		<b>9,907,904</b>	<b>11,320,849</b>
<b>Non-current assets</b>			
Other assets		505,041	380,041
Property, plant and equipment		269,768	317,840
Intangible assets	2	1,933,181	1,015,039
Contract assets		222,910	202,117
Right of use asset	3	334,148	135,374
<b>Total non-current assets</b>		<b>3,265,048</b>	<b>2,050,411</b>
<b>Total assets</b>		<b>13,172,952</b>	<b>13,371,260</b>
<b>Current liabilities</b>			
Trade and other payables	1	4,919,688	3,455,079
Contract liabilities		449,933	1,067,635
Borrowings		35,778	41,012
Provisions		875,240	1,025,846
Lease liability	3	89,925	244,909
<b>Total current liabilities</b>		<b>6,370,564</b>	<b>5,834,481</b>
<b>Non-current liabilities</b>			
Provisions		204,874	93,163
Lease liability	3	213,819	–
<b>Total non-current liabilities</b>		<b>418,693</b>	<b>93,163</b>
<b>Total liabilities</b>		<b>6,789,257</b>	<b>5,927,644</b>
<b>Net assets</b>		<b>6,383,695</b>	<b>7,443,616</b>
<b>Equity</b>			
Contributed equity		35,908,371	35,908,371
Reserves		172,870	292,808
Accumulated losses		(29,697,546)	(28,757,563)
<b>Total equity</b>		<b>6,383,695</b>	<b>7,443,616</b>

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

# Consolidated Statement of Changes in Equity

for the year ended 30 June 2023

	Contributed Equity \$	Employee Share Plan Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
<b>At 30 June 2021</b>	33,885,113	478,968	(309,837)	(28,843,844)	5,210,400
Profit for the year	–	–	–	86,281	86,281
Other comprehensive income	–	–	123,677	–	123,677
Total comprehensive income for the year	–	–	123,677	86,281	209,958
<b>Transactions with owners in their capacity as owners</b>					
Recognition of share-based payments	67,053	–	–	–	67,053
Shares issued to extinguish loan	1,260,872	–	–	–	1,260,872
Issue of share capital	748,992	–	–	–	748,992
Capital raising costs	(53,659)	–	–	–	(53,659)
<b>At 30 June 2022</b>	35,908,371	478,968	(186,160)	(28,757,563)	7,443,616
Profit for the year	–	–	–	(939,983)	(939,983)
Other comprehensive income	–	–	(119,938)	–	(119,938)
Total comprehensive income the year	–	–	(119,938)	(939,983)	(1,059,921)
<b>Transactions with owners in their capacity as owners</b>					
Recognition of share-based payments	–	–	–	–	–
Issue of share capital	–	–	–	–	–
Capital raising costs	–	–	–	–	–
<b>At 30 June 2023</b>	35,908,371	478,968	(306,098)	(29,697,546)	6,383,695

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 2023

	Note	2023 \$	2022 \$
<b>Cash flows used in operating activities</b>			
Receipts from customers		12,799,267	15,098,210
Payments to suppliers and employees		(12,010,380)	(15,566,158)
Interest received		12,596	764
Government grants received		–	–
Interest paid		(27,613)	(66,529)
Tax paid		–	–
<b>Net cash outflow used in operating activities</b>		<b>773,870</b>	<b>(533,713)</b>
<b>Cash flows used in investing activities</b>			
Payments for plant and equipment		(13,817)	(26,814)
Proceeds from sale of property plant & equipment		–	16,014
Payments for intangible assets		(1,104,996)	(498,236)
<b>Net cash outflow used in investing activities</b>		<b>(1,118,813)</b>	<b>(509,036)</b>
<b>Cash flows (used in)/from financing activities</b>			
Proceeds from issues of shares		–	1,260,873
Share issue expenses		–	(53,659)
Proceeds from borrowings		178,888	1,000,000
Repayment of borrowings		(184,122)	(266,279)
Payment for leased property		(120,324)	(120,324)
Cash inflow / (outflow) from bank guarantee facility		–	–
<b>Net cash from financing activities</b>		<b>(125,558)</b>	<b>1,820,611</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(470,501)</b>	<b>777,862</b>
Cash and cash equivalents at the beginning of the year		1,558,055	765,789
Effect of foreign exchange on opening balances		25,683	14,404
<b>Cash and cash equivalents at the end of the year</b>		<b>1,113,237</b>	<b>1,558,055</b>

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

# Notes to the Consolidated Financial Statements

## Note 1: Trade and other payables

	2023 \$	2022 \$
Trade payables	2,222,255	2,173,058
Other payables	2,550,736	1,132,907
Superannuation liability	114,614	109,472
Payroll tax liability	32,083	39,642
	4,919,688	3,455,079

## Note 2: Intangible assets

	Development Costs \$	Patents \$	Total \$
<b>At 30 June 2023</b>			
Cost (gross carrying amount)	1,855,142	816,276	2,671,418
Accumulated amortisation	(193,506)	(544,731)	(738,237)
Net carrying amount	1,661,636	271,545	1,933,181
<b>Movements in carrying amounts</b>			
Balance at 1 July 2022	770,091	244,948	1,015,039
Additions	1,026,787	78,209	1,104,996
Amortisation expense	(135,242)	(51,612)	(186,854)
Net carrying amount	1,661,636	271,545	1,933,181
<b>At 30 June 2022</b>			
Cost (gross carrying amount)	828,355	738,067	1,566,422
Accumulated amortisation	(58,264)	(493,119)	(551,383)
Net carrying amount	770,091	244,948	1,015,039
<b>Movements in carrying amounts</b>			
Balance at 1 July 2021	347,235	259,021	606,256
Additions	465,074	33,163	498,237
Amortisation expense	(42,218)	(47,236)	(89,454)
Net carrying amount	770,091	244,948	1,015,039



### Note 3: Right of use asset & lease liability

	2023 \$	2022 \$
<b>Right of use asset</b>		
<b>Current</b>		
Property – Land	334,148	135,374
<b>Lease Liability</b>		
<b>Current</b>		
Property - Land	89,925	244,909
<b>Non-Current</b>		
Property - Land	213,819	–

### Note 4: Earnings/(Loss) per share

	2023 Cents per Share	2022 Cents per Share
<b>Earnings / (loss) per share</b>		
Basic earnings / (loss) per share (cents per share)	(0.21)	0.02
Diluted earnings / (loss) per share (cents per share)	(0.21)	0.02
<b>Reconciliation of profit / (loss) used in calculating earnings/(loss) per share</b>	<b>2023 \$</b>	<b>2022 \$</b>
<i>The following reflects the income/(loss) and share data used in the calculations of basic and diluted earnings per share:</i>		
Profit/(loss) used in calculating basic and diluted earnings per share	(939,983)	86,281
<b>Weighted average number of shares used as the denominator</b>	<b>2023 Number of Shares</b>	<b>2022 Number of Shares</b>
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share	446,997,439	333,422,585
Weighted average additional shares issued during the period	–	82,702,878
Adjusted weighted average number of ordinary shares used in calculating diluted earnings/(loss) per share	446,997,439	416,125,463

### Note 5: Accounting standards

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board.

## Note 6: Foreign entities

The consolidated financial statements include the following subsidiaries:

Name	Incorporation	Shares	Equity %	
			2023	2022
DTI Capital Pty Ltd	Australia	Ordinary	100	100
Virtual Observer Pty Ltd	Australia	Ordinary	100	100
DTI EMEA Limited	UK	Ordinary	100	100
DTI USA Holdings Inc	USA	Ordinary	100	100
DTI USA Inc <sup>(i)</sup>	USA	Ordinary	100	100
Digital Technology International (SA) (Pty) Ltd	South Africa	Ordinary	100	100

(i) This entity is owned by DTI USA Holdings Inc.

The financial reports of the foreign entities in the Group have been prepared under International Financial Reporting Standards.

## Note 7: Dividend payable

No dividends were declared during the financial year ended 30 June 2023.

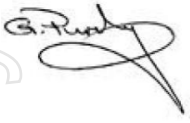
## Note 8: Events occurring after the reporting period

No matters or circumstances have arisen that have significantly affected or may significantly affect the operations of DTI Group Ltd, the results of those operations or the state of affairs of DTI Group Ltd in subsequent years.

## Note 9: Progress of audit

The Appendix 4E is based on a Financial Report that is in the process of being audited.

Authorised for release by the Board of DTI Group Ltd.



Greg Purdy  
Chairperson

31 August 2023  
Melbourne, Australia

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The Transit Technology People.