

1. Company details

Name of entity:	DC Two Limited
ABN:	30 155 473 304
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

2. Results for announcement to the market

	Consolidated 30 June 2023 \$	Company 30 June 2022 Restated^ \$	Change \$	Change %
Revenue from ordinary activities from continuing operations	2,675,217	1,830,277	844,940	46%
Revenue from ordinary activities from discontinued operations	2,729,774	2,412,940	316,834	13%
(Loss) after tax from ordinary activities attributable to the owners of DC Two Limited from continuing operations:	(2,564,681)	(4,458,808)	1,894,127	(42%)
Profit after tax from ordinary activities attributable to the owners of DC Two Limited from discontinued operations:	525,393	15,689	509,704	3249%

^ The 2022 comparative has been restated to separately show those operations classified as discontinued in the current year.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.06	3.31

4. Control gained over entities

Name of entities (or group of entities)	Attained Group Pty Ltd Attained Group Limited Attained Limited
Date control gained	31 March 2023

Contribution of such entities to the reporting entity's profit from ordinary activities before income tax during the period (where material)	\$ 321,781
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5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

☐ International Financial Reporting Standards.

9. Audit qualification or review

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

The financial statements are in the process of being audited. Audited financial statements will be released during September 2023.

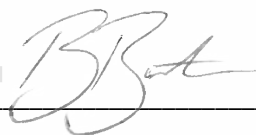
10. Attachments

Details of attachments (if any):

The Preliminary financial report of DC Two Limited for the year ended 30 June 2023 is attached.

11. Signed

Signed



Blake Burton
Managing Director

Date: 31 August 2023

DC Two Limited
Preliminary Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023



	Consolidated 30 June 2023 \$	Company 30 June 2022 Restated^ \$
Revenue from continuing operations		
Revenue	2,675,217	1,830,277
Other income	179,632	6,161
Expenses		
Cost of goods sold	(1,112,569)	(1,350,247)
Selling and distribution expenses	(224,072)	(313,153)
Administrative expenses	(585,442)	(1,895,226)
Other operating expenses	(3,119,791)	(2,749,689)
Finance costs	(377,656)	(211,870)
Depreciation and amortisation expense	-	224,939
Loss before income tax expense from continuing operations	(2,564,681)	(4,458,808)
Income tax expense	-	-
Loss after income tax expense from continuing operations	(2,564,681)	(4,458,808)
Profit after income tax expense from discontinued operations	525,393	15,689
Loss after income tax expense for the year attributable to the owners of DC Two Limited	(2,039,288)	(4,443,119)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	(8,640)	-
Other comprehensive income for the year, net of tax	(2,047,928)	-
Total comprehensive income for the year attributable to the owners of DC Two Limited	(2,047,928)	(4,443,119)
Total comprehensive income for the year is attributable to:		
Continuing operations	(2,573,321)	(4,458,808)
Discontinued operations	525,393	15,689
Owners of DC Two Limited	(2,047,928)	(4,443,119)
	(2,047,928)	(4,443,119)

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

	Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of DC Two Limited		
Basic earnings per share	(2.53)	(6.44)
Diluted earnings per share	(2.53)	(6.44)
Earnings per share for profit from discontinued operations attributable to the owners of DC Two Limited		
Basic earnings per share	0.52	0.02
Diluted earnings per share	0.52	0.02
Earnings per share for loss attributable to the owners of DC Two Limited		
Basic earnings per share	(2.01)	(6.42)
Diluted earnings per share	(2.01)	(6.42)

^ Certain amounts have been restated to separately show those operations classified as discontinued.

	Note	Consolidated 30 June 2023 \$	Company 30 June 2022 \$
Assets			
Current assets			
Cash and cash equivalents		676,806	600,675
Trade and other receivables		398,384	39,157
Inventory		11,944	-
Other assets		48,209	34,813
		<u>1,135,343</u>	<u>674,645</u>
Assets of disposal groups classified as held for sale		3,442,944	3,161,363
Total current assets		4,578,287	3,836,008
Non-current assets			
Right-of-use assets		2,474,423	2,989,796
Property, plant and equipment		1,548,254	1,179,778
Intangibles		1,070,935	47,691
Other assets		118,382	112,267
Total non-current assets		5,211,994	4,329,532
Total assets		9,790,281	8,165,540
Liabilities			
Current liabilities			
Trade and other payables		1,398,253	752,736
Other liabilities		1,208,816	-
Contract liabilities		218,883	44,566
Borrowings		211,423	-
Lease liabilities		658,965	726,098
Convertible notes		443,248	-
Provisions		189,394	152,055
		<u>4,328,982</u>	<u>1,675,455</u>
Liabilities directly associated with assets classified as held for sale		765,256	782,416
Total current liabilities		5,094,238	2,457,871
Non-current liabilities			
Trade and other payables		45,073	-
Lease liabilities		2,081,247	2,580,608
Provisions		23,587	1,002
Convertible notes		-	543,091
Borrowings		361,000	361,000
Total non-current liabilities		2,510,907	3,485,701
Total liabilities		7,605,145	5,943,572
Net assets		2,185,136	2,221,968
Equity			
Issued capital	4	10,067,297	8,072,098
Reserves		2,687,235	2,679,978
Accumulated losses		(10,569,396)	(8,530,108)
Total equity		2,185,136	2,221,968

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

Company	Issued capital \$	Share-based payment reserves \$	Translation Reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	5,733,952	1,292,715	-	(4,086,989)	2,939,678
Loss after income tax expense for the year	-	-	-	(4,443,119)	(4,443,119)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(4,443,119)	(4,443,119)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 4)	2,338,146	-	-	-	2,338,146
Share-based payments	-	1,387,263	-	-	1,387,263
Balance at 30 June 2022	8,072,098	2,679,978	-	(8,530,108)	2,221,968
Consolidated	Issued capital \$	Share-based payment reserve \$	Translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	8,072,098	2,679,978	-	(8,530,108)	2,221,968
Loss after income tax expense for the year	-	-	-	(2,039,288)	(2,039,288)
Other comprehensive income for the year, net of tax	-	-	(8,640)	-	(8,640)
Total comprehensive income for the year	-	-	(8,640)	(2,039,288)	(2,047,928)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 4)	1,246,078	-	-	-	1,246,078
Issue of shares related to business combination	481,262	-	-	-	481,262
Conversion of convertible notes (note 4)	267,859	-	-	-	267,859
Share-based payment	-	15,897	-	-	15,897
Balance at 30 June 2023	10,067,297	2,695,875	(8,640)	(10,569,396)	2,185,136

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

	Note	Consolidated 30 June 2023 \$	Company 30 June 2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		6,099,131	3,655,704
Payments to suppliers and employees (inclusive of GST)		(6,860,244)	(5,095,483)
Receipts from other income		179,632	156,971
Interest and other finance costs paid		(376,056)	(211,869)
Net cash used in operating activities		(957,537)	(1,494,677)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		234,289	-
Payment for purchase of subsidiary, net of cash acquired		-	-
Payments for property, plant and equipment		(324,856)	(2,557,302)
Payments for development costs		-	(227,469)
Proceeds from disposal of non-current assets		112,416	-
Net cash from/(used in) investing activities		21,849	(2,784,771)
Cash flows from financing activities			
Proceeds from issue of shares	4	1,199,650	2,500,000
Share issue transaction costs		(16,064)	(131,703)
Proceeds from issue of convertible notes		-	512,941
Proceeds from borrowings		-	361,000
Repayment of borrowings		(171,767)	-
Repayment of lease liabilities		-	(253,710)
Net cash from financing activities		1,011,819	2,988,528
Net increase/(decrease) in cash and cash equivalents		76,131	(1,290,920)
Cash and cash equivalents at the beginning of the financial year		600,675	1,891,595
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the financial year		676,806	600,675

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

Note 1. Reporting entity

The consolidated financial report covers DC2 Limited (**the Company**) and its controlled entities as a consolidated entity (also referred to as **the Group**). DC2 Limited is listed public company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity. The Group's financial statements are presented in Australian dollars (AUD), which is also the Company's functional currency.

Note 2. Basis of preparation

The financial report is preliminary financial report which:

- has been prepared in accordance with ASX Listing Rule 4.3A.
- has been derived from the unaudited consolidated Annual Report which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').
- has been prepared on historical basis, unless otherwise stated.
- is presented with values rounded to the nearest dollars in accordance with ASIC Legislative Instrument 2016/191, unless otherwise stated.
- is presented in Australian dollars, which is the functional currency of the Group. The Group has a new subsidiary operating in United Kingdom.
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods starting on or before 1 July 2022.
- does not early adopt any new Accounting Standards and Interpretations that have been issued or amended but are not yet effective, unless otherwise stated.

DC2 has become a consolidated entity during the financial year ended 30 June 2023 subsequent to the business combination. The financial statements for the year ended 30 June 2022 are presented as a single entity.

The preliminary financial report does not include all the disclosures of the type normally included in the Annual Report. Accordingly, the unaudited Preliminary Financial Report should be read in combination with the Annual Report for the year ended 30 June 2022 and any public announcements issued by the Company in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Critical accounting estimates

The preparation of the preliminary financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Note 2. Basis of preparation (continued)

Going concern

The unaudited Preliminary Financial report have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the unaudited financial statements, the Group incurred a loss of \$2,039,288 (30 June 2022: \$4,443,119) and had net cash outflows from operating of \$957,537 (30 June 2022 : \$1,494,677) and investing activities \$21,849 (30 June 2022 : \$2,784,771) respectively for the year ended 30 June 2023. As at that date, the Group had net assets of \$2,185,136 (30 June 2022: \$2,221,968). The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising additional capital from equity markets and managing cash flows in line with available funds.

The Group has the ability to reduce forecast expenditure if required and it is anticipated that additional capital can be raised in the future if required. The unaudited financial report has been prepared on a going concern basis which assumes that the Company will continue to pay its debts as and when they fall due. The validity of this assumption depends on:

- The Company's ability to raise additional capital as required; and
- The Company's ability to generate cash flows from the successful operations of its primary activities.

Should the Group be unable to maintain sufficient funding as outlined above, there is material uncertainty whether or not the Company will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities and commitments in the normal course of business and at the amounts stated in the unaudited financial report. The unaudited financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

The Directors believe that the Group will be successful in the above matters and accordingly, have prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the unaudited financial report at 30 June 2023.

Note 3. Critical accounting judgements, estimates and assumptions

The Group significant estimates and judgements used in this unaudited Preliminary Financial report are the same as those used in the 2022 Annual Report except the following:

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

During the year, there was a change in the accounting estimate of depreciation of plant and equipment. The change is to reflect the life of the asset rather than being based on class of asset. During the review it was noted that, in many instances, historical depreciation rates applied by the Company result in assets being depreciated over a quicker period than their expected useful life. It was also identified that historical depreciation rates applied by the Company were more aggressive than industry norms.

Revised Depreciation Rates to be Applied from 1 July 2022

With effect from 1 July 2022, the Company will apply the following depreciation rates:

- Property improvements: 2.5 – 5.0%
- Plant & equipment – Infrastructure: 5.0 – 33.3%; and
- Plant & equipment – Office: 10.0 – 33.3%

The revised depreciation rates have been applied with effect from 1 July 2022, being in the earliest date available in the 2023 financial year.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 4. Issued capital

	Consolidated 30 June 2023 Shares	Company 30 June 2022 Shares	Consolidated 30 June 2023 \$	Company 30 June 2022 \$
Ordinary shares - fully paid	130,716,089	75,166,666	10,701,171	8,696,150
Capital raising cost	-	-	(633,874)	(624,052)
	<u>130,716,089</u>	<u>75,166,666</u>	<u>10,067,297</u>	<u>8,072,098</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	58,500,000		5,733,952
Issue of shares	6 Oct 2021	8,774,984	\$0.150	1,316,248
Issue of shares	4 Dec 2021	7,891,682	\$0.150	1,183,752
Share issue costs				(161,854)
Balance	30 June 2022	75,166,666		8,072,098
Conversion of convertible notes	1 Sep 2022	125,000	\$0.050	6,250
Conversion of convertible notes incl interest	30 Nov 2022	5,351,780	\$0.050	267,859
Issue of shares	5 Oct 2022	7,516,667	\$0.039	293,150
Issue of shares – Share Purchase Plan	28 Nov 2022	3,717,945	\$0.039	145,000
Issue of shares	30 Nov 2022	11,269,237	\$0.039	439,500
Issue of shares	31 Dec 2022	9,538,462	\$0.039	372,000
Issue of shares to employee under ESIP	31 Dec 2022	104,126	\$0.058	-
Issue of shares related to business combination	5 April 2023	17,824,504	\$0.027	481,262
Issue of shares to employee under ESIP	24 May 2023	101,702	\$0.052	-
Share issue costs		-		(9,822)
Balance	30 June 2023	<u>130,716,089</u>		<u>10,067,297</u>