



APPENDIX 4E
Consolidated Financial Report
for the year ended 30 June 2020

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Reporting period Year ended 30 June 2020

Previous reporting period Year ended 30 June 2019

Results for announcement to the market	2020	2019	Change	Change
	\$	\$	\$	%
Revenues from ordinary activities	3,774,569	3,279,579	494,990	15.09%
Gross Margin	2,176,818	1,461,477	715,341	48.95%
Expenses	2,191,044	3,441,235	1,250,191	36.33%
EBITDA	309,385	(1,757,295)	2,066,680	117.61%
Profit /(Loss) from ordinary activities after tax attributable to owners of DataDot Technology Limited	29,203	(2,301,317)	2,330,520	101.27%
Profit / (Loss) for the year attributable to the owners of DataDot Technology Limited	29,203	(2,301,317)	2,330,520	101.27%
Net tangible assets per ordinary security	0.0022	0.0001	0.0021	2100.00%

Dividends

No dividends were paid or made payable during the year ended or since 30 June 2020.

Commentary

Please refer to the attached commentary and consolidated financial statements for the year ended 30 June 2020.

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 2020.

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

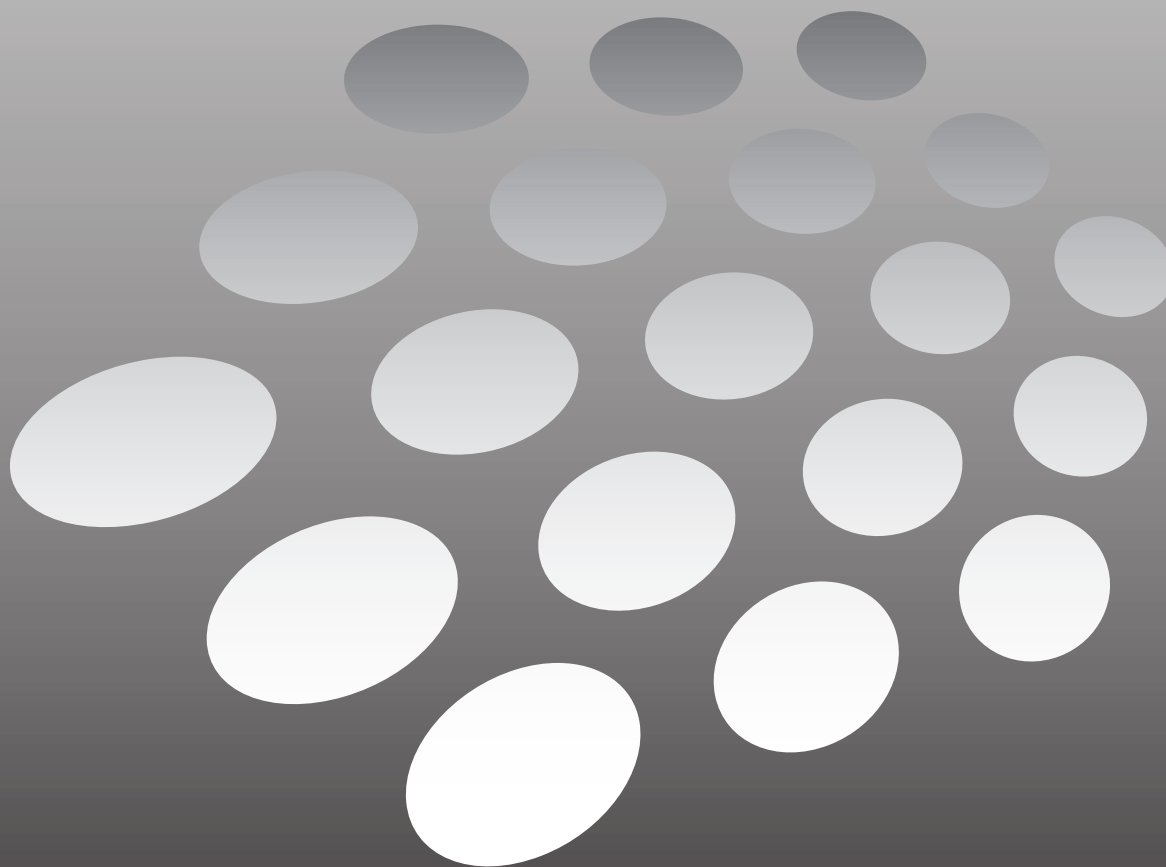


Ray Carroll - Chairman

27-Aug-2020



Financial Report 2020
Financial Year Ended 30 June 2020
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 2020.

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

- Ray Carroll – appointed 13 May 2019
- Brad Kellas – appointed 13 May 2019
- David Lloyd – appointed 13 May 2019

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 devices
- (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.

Apart from the introduction of Vault asset protection devices there has been no other significant change in the nature of these 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 on our first full year of operations since the shareholders voted to appoint the new Board in May 2019.

In FY 2020 the Group delivered an EBITDA of \$309,385 (2019: (\$1,757,295)) and a profit after tax of \$29,203. This is a significant turnaround to the losses of \$2,301,317 in FY 2019 and \$3,119,910 in FY 2018. It is particularly pleasing considering the one-off costs associated with restructuring of the company during the year and the high level of business uncertainty caused by the Covid 19 pandemic across the globe.

Importantly, the group is now positioned to take advantage of growth opportunities that have emerged in the past twelve months and to continue to pursue additional profit improvement initiatives.

The company's much improved profit result for FY 2020 and prospects for FY 2021 has been derived from a clear focus on three main areas:

1. Developing customer relationships, new products and service offerings,
2. Costs reduction programmes, and
3. Restructuring the capital base

Developing customer relationships, new products and service offerings

The company's revenue has grown by just over 15% from \$3,279,578 to \$3,774,569

Some contraction of revenues in the Australasia and American markets have been offset by additional revenues from the development of new offerings to United Kingdom and European based customers in the Insurance and motor vehicle industries.

Some revenue contraction was a direct result of the Covid 19 restrictions on some of our key customers. Those same restrictions also played a role in limiting progress towards our growth goals although it is difficult to accurately quantify these impacts.

The Board's plan to grow revenues from new Vault products and services was also interrupted by the impacts of Covid-19, but despite this initial delay, this revenue stream is set to make a far greater contribution in FY 2021.

Costs reduction programmes

FY 2020 has seen significant restructuring of the company's operational and administrative processes to secure enduring efficiencies in delivery of products and services to its global customers.

The most notable changes have been the centralisation of global customer relationship management to Sydney and the closure of the United States production facility in Spokane. Production for the US market is now undertaken in the new Sydney facility in Brookvale and is delivering very significant overhead savings compared to the operating costs associated with Spokane and the former Frenchs Forest facility. Production for the European market has been maintained in Norwich U.K.

In reducing the number of factories, the group has been mindful of protecting its production capacity. The company has also enhanced its services to customers by strengthening the management of global operations and leveraging the benefits of improved integration of cross border capabilities and resources.

Headcount for support staff in the areas of administration, accounting, finance and governance has been significantly reduced through centralising these services in Sydney. Other external services such as the group audit, and IT and database management were taken to tender and/or renegotiated.

High cost short term and long-term incentive schemes that had been provided to former staff were suspended pending the development of more targeted schemes to be introduced following the return to sustainable profitability.

Restructure of the capital base

Following the rejection by shareholders of the proposal to sell the company's core manufacturing business to South African interests at the 13 May 2019 EGM, the group held cash reserves of \$194,752 as at 30 June 2019. This was after the Board had issued Convertible Notes of \$550,000 prior to the end of June to bolster cash reserves. A further \$600,000 in Convertible Notes was deemed necessary and was issued in early July 2019.

In early 2020 in response to the Covid 19 pandemic and its effect on Australian businesses, the corporations and securities markets regulators made a number of concessions in relation to capital raising restrictions and approval processes.

In the light of these on-going business uncertainties and regulatory concessions, the Board decided to remove potential liquidity risks by seeking to raise new equity. The equity was allocated to repay all of the company debt, principally the Convertible Notes, and to provide additional working capital sufficient to see the group through any negative impacts of the Covid 19 pandemic that would be outside the control of the company. It was recognised at the time, and remains true at the date of this report, that the time frame for return to normal trading conditions is uncertain.

The Board therefore decided to undertake a placement and a rights issue.

The placement was to professional and sophisticated investors and raised \$785,453.

The Rights Issue was to the all shareholders resident in Australia and New Zealand and raised \$1,044,111.

Costs of conducting the Rights Issue were kept to a minimum and amounted to \$24,644.

The total funds raised (net of costs) was \$1,804,920.

As noted above, the full balance of \$1,150,000 of the Convertible Notes was redeemed together with interest payable up to the date of redemption.

The capital raising and the profit earned for the year has significantly strengthened the net assets of the group from \$106,208 at 30 June 2019 to \$1,911,863 at 30 June 2020. The cash and cash equivalents available to the group improved from \$194,752 at 30 June 2019 to \$1,005,325

This has provided a solid foundation for the group to advance.

Outlook

The Board is pleased with the level of financial stability that the group has attained after only 15 months since taking control in May 2019. Significant sustainable improvements have been achieved in many areas of operation and we have positioned the company to be able to take advantage of opportunities for further growth and profitability, particularly post the Covid 19 pandemic. The Board will direct its focus in the 20/21 FY to revenue growth in all product lines with particular emphasis on growing the PropertyVAULT suite of products and services in line with the turnaround plan originally presented to shareholders.

The Board takes this opportunity to thank its small team of dedicated staff that have made a major contribution to this 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 2020.

No other matter or circumstance has arisen since 30 June 2020 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.

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.

Company Secretary

Mr Raper 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 on 22 December 2014. From June 2016 to September 2019 he was the Company Secretary working two days per week 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).

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 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	Interest in	Interest in	Interest in
	Ordinary Shares	Ordinary Shares subject to Share Loan Scheme	Options	Convertible Notes
Ray Carroll	-	-	-	-
Bradley Kellas	214,995,076	-	-	-
David Lloyd	14,912,116	-	-	-

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 2020 and the number of meetings attended by each of the directors were:

Director	Note	Board Meetings		Remuneration and Nomination Committee Meetings		Audit and Risk Management Committee Meetings	
		No. eligible to attend	No. attended	No. eligible to attend	No. attended	No. eligible to attend	No. attended
Raymond Carroll		10	10	1	1	3	3
Brad Kellas		10	10	-	-	3	3
David Lloyd		10	10	1	1	3	3

Share rights and options

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 2021	2,000,000

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 Options
Nil	Nil	Nil

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

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

Details of the amounts paid or payable to the auditor for non-assurance services provided by the auditor during the financial year by the auditors are outlined in note 6 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year by the auditor, (or by another person or firm on the auditors' behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services disclosed in note 6 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- (a) all non-audit services have been reviewed and approved to ensure that they do not impact on the integrity and objectivity of the auditor; and
- (b) none of the services undermine the general principles relating to auditor independence set out in APES110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the Auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company, or jointly sharing economic risks and rewards.

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 2020 is set out on page 21 of the financial report.

Auditor

Andrew Hunt of Audit Only was appointed auditor at the AGM of the company held on 21 November 2019 and continues in office in accordance with section 327 of the *Corporations Act 2001*.

Directors' Report (continued)

for the year ended 30 June 2020

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 of DataDot Technology Limited or its subsidiaries:

Directors

Raymond Carroll	Chairman	Appointed 13 May 2019
Brad Kellas	Managing Director	Appointed 13 May 2019
David Lloyd	Non-Executive Director	Appointed 13 May 2019

Executives

Patrick Raper	CFO	Appointed CFO 1 September 2019
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Shares and Options Held

The number of shares 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	Note	Balance as at 30/6/2019	Vesting of Share Rights or Share Issues as part of remuneration	Other Additions	Disposals	Balance as at 30/6/2020 Note 4
Directors						
Raymond Carroll		-	-	-	-	-
Brad Kellas	1	85,635,066	-	129,360,010	-	214,995,076
David Lloyd	2	-	-	14,912,116	-	14,912,116
Executives						
David Williams	3	12,094,809	-	-	-	12,094,809
Steve Delepine	4	12,094,809	-	-	-	12,094,809
Patrick Raper		800,000		266,667		1,066,667
Total Shares		110,624,684	-	144,538,793	-	255,163,477

Note 1. Mr Kellas acquired all his additional shares during the year in the Rights Issue of the company conducted during the FY2020 year.

Note 2. Mr Lloyd acquired all his shares on market during the FY2020 year.

Note 3. Holding at the date Mr Williams ceased to be an employee (26 August 2019). Mr Williams is required to pay \$326,560 (\$0.027 per share) before 26 August 2020 or the shares will be forfeited and cancelled subject to shareholder approval at the 2020 AGM.

Note 4. Holding at the date Mr Delepine ceased to be an employee (16 May 2019). Mr Delepine was required to pay \$326,560 (\$0.027 per share) before 17 May 2020. As he did not repay the loan, the shares were forfeited except to the extent that 5,349,733 shares were applied to pay the unpaid portion of the 2017 bonus gifted to Mr Delepine. 6,745,076 shares will be forfeited and cancelled subject to shareholder approval at the 2020 AGM.

Remuneration Report (audited) (continued)

for the year ended 30 June 2020

<i>Share Options</i>		Balance as at 30/6/2019	Issue of Options as part of remuneration	Other Additions	Disposals or Cancellations	Balance as at 30/6/2020
<i>Directors</i>	Note					
Ray Carroll		-	-	-	-	-
Brad Kellas		-	-	-	-	-
David Lloyd		-	-	-	-	-
<i>Executives</i>						
Andrew Winfield	1	6,000,000	-	-	6,000,000	-
Other Executives	1	3,000,000	-	-	3,000,000	-
Total Share Options		9,000,000	-	-	9,000,000	-

Note 2. The Executive options were granted on 11 October 2017 and expired 1 July 2019. The exercise price was 2.7 cents with the fair value per option being 1 cent.

Remuneration policy

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

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 2020.

Remuneration Report (audited) (continued)

Remuneration policy (consolidated)

for the year ended 30 June 2020

Board policy for determining the composition and value of remuneration for KMP 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 9.5% for Mr Carroll, the Chairman of the Board, and \$25,000 plus SGL at 9.5% 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 program once the company returns to 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 five years were

	2016	2017	2018	2019	2020
Revenue	6,631,371	5,343,983	4,867,167	3,279,579	3,774,569
EBITDA	(1,464,259))	(835,729	(422,349)	(1,757,295)	309,385
Net Profit / (Loss) after tax	(3,264,627)	(1,379,453)	(3,119,910)	(2,301,317)	29,203
Basic earnings per share (in cents)	(0.12)	(0.43)	(0.40)	(0.30)	0.003
Share price at year end (in cents)	1.90	2.00	0.50	0.70	0.40

Performance based remuneration

At the date of this report, the remuneration of KMP who are non executive directors includes only a fixed remuneration component. The LTI component for non-executive directors is being reviewed for approval at the 2020 Annual General Meeting and when determined 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 is 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 2020, no STI's or LTI's have been paid to directors.

In 2020, no STI's or LTI's have been paid to other executive staff.

Performance based remuneration (continued)

The LTI component has in past years consisted of share rights and share options granted under the terms of the DataDot Technology Executives Share Rights Plan, for which shareholder approval was renewed at the 2013 AGM. In FY2018, an Employee Share and Loan Scheme was adopted to supplement the existing options scheme however those KMPs participating in the Employee Share and Loan Scheme did not continue to participate in the options scheme. The characteristics of securities issued under the Share and Loan Scheme and remaining outstanding are:

Share and Loan Scheme

- Certain KMPs are offered the opportunity to subscribe for shares in the Company, with the payment for that subscription being lent to the KMP on a limited recourse basis. KMPs become fully entitled to the shares in three equal tranches.
- No amounts are paid or payable by the recipient on issue of the shares.
- Shares issued under this plan may be voted in any meeting of the Company and will be entitled to all dividends paid.
- Shares issued under this plan may only be dealt with by the recipient when the recipient becomes unconditionally entitled to the shares, and when the loans relating to those shares are fully repaid.
- Where any loan amount remains unpaid one year after the date of the last unconditional Entitlement date of the offer shares, the proportionate number of shares in respect of that loan amount will be forfeited for the total nominal consideration of \$1.
- At any time if there is a change of control of the company, recipients will become unconditionally entitled to any offer shares to which they are not yet unconditionally entitled at the time of change of control of the Company.
- It is anticipated that all shares issued under the Share and Loan Scheme will be forfeited and cancelled after they 2020 AGM to be held in November 2020.

Number of ordinary shares issued under the Share Issue and Loan Scheme and provided as remuneration:

	Note	Balance as at 30/06/2019	Granted as Remuneration	Expiring or Lapsing Shares	Balance as at 30/06/2020
For the year ended 30 June 2020					
CEO / Managing Director	2	16,126,414	-	16,126,414	-
CFO	3	12,094,809	-	-	12,094,809
Vice President Business Development	3	12,094,809	-	-	12,094,809

This Scheme has been cancelled following the votes of shareholders at the EGM held on 13 May 2019 on certain resolutions relevant to the scheme.

	Note	Balance as at 30/06/2018	Granted as Remuneration Note 1	Expiring or Lapsing Shares	Balance as at 30/06/2019
For the year ended 30 June 2019					
CEO / Managing Director		16,126,414	-	-	16,126,414
CFO		12,094,809	-	-	12,094,809
Vice President Business Development		12,094,809	-	-	12,094,809

Note 1: 40,316,032 Shares were issued to KMP in August 2017. These shares were valued at \$0.001 for shares issued to the CEO / Managing Director and \$0.002 for shares issued to other KMP. This is a total amount of \$64,506 based on a Black Scholes valuation methodology, using a Rfr of 2.565%, the DDT share price of \$0.005 and the share issue and loan price of \$0.027. At the point of issue of these shares, the share options previously issued to the CEO / Managing Director and to other KMP's were cancelled. The original value of these options was determined at the time of issue as \$175,517. The Directors at the time believed that the amendment of the LTI scheme would more closely align the interests of these KMP to increases in shareholder value.

Note 2: On cessation of his employment in June 2019, Mr Hield relinquished all rights to 16,126,414 shares issued to him under the scheme. The shares have subsequently been cancelled.

Note 3: On cessation of their employment, the shares issued to Mr Williams and Mr Delepine were fully vested and Mr Williams and Mr Delepine are required to pay \$327,560 each in repayment of the Loan for the shares subscription price. If this loan value is not fully repaid within 12 months of them fully vesting, the shares will be forfeited and subject to cancellation after shareholder approval at the 2020 AGM.

Remuneration Report (audited) (continued)

for the year ended 30 June 2020

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.

Number of **share rights** provided as remuneration:-

	Balance as at 30/06/2019	Granted as Remuneration	Vesting of Share Rights	Expiring or Lapsing Share Rights	Balance as at 30/06/2020
For the year ended 30 June 2020					
Directors	-	-	-	-	-
Executives					
Patrick Raper	2,000,000	-	-	-	2,000,000
	2,000,000	-	-	-	2,000,000

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

	Balance as at 30/06/2018	Granted as Remuneration	Vesting of Share Rights	Expiring or Lapsing Share Rights	Balance as at 30/06/2019
For the year ended 30 June 2019					
Directors	-	-	-	-	-
Executives					
Patrick Raper	2,000,000	-	-	-	2,000,000
	2,000,000	-	-	-	2,000,000

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

Remuneration Report (audited) (continued)

for the year ended 30 June 2020

Share Options

- Each share option converts into one fully paid ordinary share in the Company on exercising of the option.
- Directors' options have a strike price of \$0.05 payable by the Director on exercise of the option.
- Non-Director KMPs options have a strike price of \$0.027 payable by the KMP on exercise of the option.
- All options have an expiry date which is approximately 3 years after the issue date.
- A trading restriction applies for 12 months after exercise.

For the year ended 30 June 2020

Directors

Ray Carroll

David Lloyd

Brad Kellas

Key Management Personnel

Andrew Winfield – Note 1

Other Executives – Note 1

	Balance as at 30/06/2019	Granted as Remuneration	Exercise of Share Options	Expiring or Lapsing Share Options	Balance as at 30/06/2020
Ray Carroll	-	-	-	-	-
David Lloyd	-	-	-	-	-
Brad Kellas	-	-	-	-	-
Andrew Winfield – Note 1	6,000,000	-	-	(6,000,000)	-
Other Executives – Note 1	3,000,000	-	-	(3,000,000)	-
	9,000,000	-	-	(9,000,000)	-

Note 1 – These options expired on 1 July 2019.

Number of share options provided as remuneration:

For the year ended 30 June 2019

Directors

Ray Carroll

David Lloyd

Brad Kellas

Stephe Wilks – Note 2

Key Management Personnel

Andrew Winfield

Other Executives – Note 2

	Balance as at 30/06/2018	Granted as Remuneration	Exercise of Share Options	Expiring or Lapsing Share Options	Balance as at 30/06/2019
Ray Carroll	-	-	-	-	-
David Lloyd	-	-	-	-	-
Brad Kellas	-	-	-	-	-
Stephe Wilks – Note 2	1,000,000	-	-	(1,000,000)	-
Andrew Winfield	6,000,000	-	-	-	6,000,000
Other Executives – Note 2	6,000,000	-	-	(3,000,000)	3,000,000
	13,000,000	-	-	(4,000,000)	9,000,000

Note 2 – These options expired.

Note 3 – 3,000,000 of these options were cancelled on 21 June 2019 and not replaced when the executive left the employ of the company.

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

	Ordinary Shares	Ordinary Shares / Loan Scheme	Options	Share Rights
Directors	-	-	-	-
KMPs	-	12,094,809	-	-
Other Executives	-	-	-	2,000,000

Remuneration Report (audited) (continued)

for the year ended 30 June 2020

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.

2020	Short-term benefits		Post-employment benefits		Long-term benefits		Share-based payments	Total \$
	Cash, Salary, allowances & fees \$	STI \$	Non cash \$	Super-annuation \$	Termination \$	Long service leave \$	Share rights and Share Options \$	
Directors								
R Carroll	59,539	-	-	5,459	-	-	-	64,998
B Kellas	175,041	-	-	-	-	-	-	175,041
D Lloyd	24,807	-	-	2,356	-	-	-	27,163
Executives								
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

2019	Short-term benefits		Post-employment benefits		Long-term benefits		Share-based payments	Total \$
	Cash, Salary, allowances & fees \$	STI \$	Non cash \$	Super-annuation \$	Termination \$	Long service leave \$	Share rights and Share Options \$	
Directors								
R Carroll - Note 1	4,038	-	-	384	-	-	-	4,422
B Kellas - Note 2	14,497	-	-	1,377	-	-	-	15,874
D Lloyd – Note 1	3,365	-	-	320	-	-	-	3,685
G Flowers	36,252	-	-	15,175	-	-	-	51,427
S Wilks	45,169	-	-	-	-	-	-	45,169
T Hield	229,965	106,188	-	20,531	62,638	-	2,688	422,010
Executives								
D Maclean	21,745	-	-	2,066	-	-	-	23,811
A Winfield	162,642	-	-	3,659	-	-	12,105	178,406
D Williams	184,053	3,000	-	18,746	-	-	6,719	212,518
S Delepine	154,353	3,704	-	-	-	-	6,719	164,776
	856,079	112,892	-	62,258	62,638	-	28,231	1,122,098

		2019 Performance based remuneration		2020 Performance based remuneration	
		Bonus STI %	Share rights / Options LTI %	Bonus STI %	Share rights / Options LTI %
Directors	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%
	Gary Flowers	0.0%	0.0%		
	Stephe Wilks	0.0%	0.0%		
	Temogen Hield	25.3%	0.0%		
Executives	Duncan Maclean	0.0%	0.0%	0.0%	0.0%
	Andrew Winfield	0.0%	0.0%	0.0%	0.0%
	David Williams	1.5%	0.0%	0.0%	0.0%
	Steve Delepine	2.3%	0.0%		
	Patrick Raper	0.0%	0.0%	0.0%	0.0%

Remuneration Report (audited) (continued)

for the year ended 30 June 2020

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

Employment details of key management personnel

(a) Temogen Hield

Mr Hield joined the company in August 2015 as CEO and was appointed as a Director following the retirement of Bruce Rathie at the 2017 AGM. Mr Hield left the employ of DataDot Technology in June 2019.

No remuneration was paid to Mr Hield in FY2020.

Mr Hield's remuneration in FY2019 included a base salary of approximately \$250,000pa plus superannuation; a fixed sum STI for FY2019 relating to the deferred payment of the 2017 STI which was paid in June 2019 and a fixed sum completion bonus relating to the proposed sale of the Dots business to DataDot Technology South Africa.

In FY2018, the LTI component of Mr Hield's package was changed to be an Employee Share Issue and Loan Scheme, whereby the company invited Mr Hield to subscribe for 16,126,414 shares in the Company at 2.7c per share, with the payment for that subscription being lent to him by the Company on a limited recourse basis. The offer shares have the same rights as all other ordinary shares on issue in the Company other than the following restrictions. Shares issued under this offer may not be traded, transferred or encumbered prior to the shares Entitlement Date. The Entitlement Date is determined for each of the three equal tranches of 5,375,471 shares as 18 August 2017, 1 July 2018 and 1 July 2019, or immediately at any change of control of the company. The shares may not be traded, transferred or encumbered until any outstanding loan amount in respect of the shares has been repaid. Shares may be forfeited prior to achieving the Entitlement Date if the employee ceases to be employed with the Company. Any outstanding loan amount must be repaid within one year of the last unconditional Entitlement date of the offer shares, unless otherwise agreed with the Company. Where any loan amount remains unpaid one year after the date of the last unconditional Entitlement date of the offer shares, the proportionate number of shares in respect of that loan amount will be forfeited for the total nominal consideration of \$1. In recovering any loan amount, the Company has recourse only to the offer shares, and the return of those shares will be in full satisfaction of any outstanding loan obligation.

Under this revised LTI, Share Options previously issued were cancelled.

Upon termination of his employment, Mr Hield relinquished all rights to the 16,126,414 shares issued to him under the Employee Share Issue and Loan Scheme and the loan amount was cancelled. The shares were cancelled post shareholder the 2019 AGM.

(b) David Williams

Mr Williams joined the company in June 2016 as CFO.

Mr Williams remuneration package includes a base salary of approximately \$182,650 plus superannuation; a fixed sum STI for FY2019 relating to the deferred payment of the 2017 STI which at the date of this report has been paid only to 50%. Mr Williams last day of employment with DataDot Technology will be 26 August 2019.

In FY 2018, the LTI component of Mr William's was changed to be an Employee Share Issue and Loan Scheme, whereby the company invited Mr Williams to subscribe for 12,094,809 shares in the Company, with the payment for that subscription being lent to him by the Company on a limited recourse basis. The offer shares have the same rights as all other ordinary shares on issue in the Company other than the following restrictions. Shares issued under this offer may not be traded, transferred or encumbered prior to the shares Entitlement Date. The Entitlement Date is determined for each of the three equal tranches of 4,031,603 shares as 1 July 2018 and 1 July 2019 and 1 July 2020, or immediately at any change of control of the company. The shares may not be traded, transferred or encumbered until any outstanding loan amount in respect of the shares has been repaid. Shares may be forfeited prior to achieving the Entitlement Date if the employee ceases to be employed with the Company. Any outstanding loan amount must be repaid within one year of the last unconditional Entitlement date of the offer shares, unless otherwise agreed with the Company. Where any loan amount remains unpaid one year after the date of the last unconditional Entitlement date of the offer shares, the proportionate number of shares in respect of that loan amount will be forfeited for the total nominal consideration of \$1. In recovering any loan amount, the Company has recourse only to the offer shares, and the return of those shares will be in full satisfaction of any outstanding loan obligation.

Under this revised LTI, Share Options previously issued were cancelled.

Due to the termination of his employment, Mr Williams is required to repay the loan to the company of \$326,560 by 26 August 2020 or he will forfeit all rights to the 12,094,809 shares issued under the Share Issue and Loan Scheme and the shares will be cancelled.

(c) Stephen Delepine

Mr Delepine joined the company in February 2016 as Vice President Business Development. Mr Delepine left the employ of DataDot Technology in May 2019.

Mr Delepine's remuneration in FY2019 included a base salary of AUD 154,354. No remuneration was paid to Mr Delepine in FY2020.

In FY 2018, an LTI component has been added in the form of an Employee Share Issue and Loan Scheme, whereby the company invited Mr Delepine to subscribe for 12,094,809 shares in the Company, with the payment for that subscription being lent to him by the Company on a limited recourse basis. The offer shares have the same rights as all other ordinary shares on issue in the Company other than the following restrictions. Shares issued under this offer may not be traded, transferred or encumbered prior to the shares Entitlement Date. The Entitlement Date is determined for each of the three equal tranches of 4,031,603 shares as 1 July 2018 and 1 July 2019 and 1 July 2020, or immediately at any change of control of the company. The shares may not be traded, transferred or encumbered until any outstanding loan amount in respect of the shares has been repaid. Shares may be forfeited prior to achieving the Entitlement Date if the employee ceases to be employed with the Company. Any outstanding loan amount must be repaid within one year of the last unconditional Entitlement date of the offer shares, unless otherwise agreed with the Company. Where any loan amount remains unpaid one year after the date of the last unconditional Entitlement date of the offer shares, the proportionate number of shares in respect of that loan amount will be forfeited for the total nominal consideration of \$1. In recovering any loan amount, the Company has recourse only to the offer shares, and the return of those shares will be in full satisfaction of any outstanding loan obligation.

Due to the termination of his employment, Mr Delepine was required to repay the loan to the company of \$326,560 by 17 May 2020 or forfeit all rights to the 12,094,809 shares issued under the Share Issue and Loan Scheme. As the loan was not repaid, the shares were forfeited except to the extent that 5,349,733 shares were applied to pay the unpaid portion of the 2017 bonus gifted to Mr Delepine. 6,745,076 shares will be forfeited and cancelled subject to shareholder approval at the 2020 AGM.

(d) Andrew Winfield

Mr Winfield joined the company in November 2011 as Managing Director of the UK subsidiary.

Mr Winfield's remuneration package includes a base salary of GBP90,000 plus a pension entitlement at 1.6%.

The Company has suspended all STI and LTI programs in operation at 13 May 2019 and will look to implement a new and more effective program after the 2020 AGM.

In October 2016 Mr Winfield was included in the company LTI programme. The LTI comprised 6 million share options in the Company which are due to vest in 3 tranches, subject to continued employment, and a trading restriction after share issue as follows: Tranche 1 – 2.0 million share options with an exercise price of 2.7c vesting when the volume weighted average share price (VWAP) exceeds 5c for more than 3 months and expiring 3 months after vesting; Tranche 2 – 2.0 million share options with an exercise price of 2.7c vesting when the VWAP exceeds 10c for more than 3 months and expiring 3 months after vesting; Tranche 3 – 2 million share options with an exercise price of 2.7c vesting when the VWAP exceeds 15c for more than 3 months and expiring 3 months after vesting. The above LTI package expired on 1 July 2019.

The Company has suspended all STI and LTI programs in operation at 13 May 2019 and will look to implement a new and more effective program after the 2020 AGM.

Mr Winfield left the employ of the company on 31 December 2019 and was not paid a STI in FY 2020.

(e) Duncan Maclean

Mr Maclean joined the company on 13 May 2019. His remuneration package included a base salary of approximately \$150,000 plus superannuation and a STI that was to be determined at a later date.

The Company suspended all STI and LTI programs in operation at 13 May 2019 and will look to implement a new and more effective program when the company returns to profitability.

(f) Patrick Raper

Mr Raper took on the role of CFO on a part time basis after the departure of the previous CFO in August 2019. His annual remuneration package based on his part time employment status is \$160,000 including Superannuation.

Executive service contracts

It is the Board's policy to establish executive service contracts with all KMP. No KMP is employed on a fixed term contract. The termination notice periods for executive service contracts is between one month and three months. Commitments of these amounts are disclosed in Note 21 of the financial accounts.

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

A handwritten signature in dark ink, appearing to read 'Ray Carroll', is positioned above the printed name and date.

Ray Carroll – Chairman
27 August 2020

The Directors
DataDot Technology Limited
8 Ethel Avenue
BROOKVALE NSW 2100

27 August 2020

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 2020, 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 2020**

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Consolidated Statement of Profit or Loss

for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Revenue			
Sale of goods		2,358,816	2,659,953
Service and licence fees		148,614	237,778
Royalties		1,267,139	381,848
		3,774,569	3,279,579
 Cost of sales		 1,597,751	 1,818,102
Gross Profit		2,176,818	1,461,477
 Other income	3	 323,611	222,463
Expenses			
Administrative expenses	4	1,706,543	3,009,946
Marketing expenses		70,289	10,602
Occupancy expenses		196,857	370,059
Restructuring expenses	4	126,835	-
Travel expenses		90,520	50,628
		2,191,044	3,441,235
EBITDA		309,385	(1,757,295)
 Depreciation and Amortisation		 177,833	 239,280
Finance costs		91,914	5,966
Impairment of intangibles		-	284,249
Profit / (Loss) before income tax expense		39,638	(2,286,790)
 Income tax expense	5	 10,435	 14,527
Profit / (Loss) after income tax expense for the year		29,203	(2,301,317)
 Profit / (Loss) for the year attributable to :			
Owners of DataDot Technology Limited		29,203	(2,301,317)
		29,203	(2,301,317)
 Basic profit / (loss) per share (cents per share)	8	 0.003	(0.299)
 Diluted profit / (loss) per share (cents per share)	8	 0.003	(0.299)

The Group have initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations

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 2020

	2020 \$	2019 \$
Profit / (Loss) after income tax expense for the year	29,203	(2,301,317)
Other comprehensive income		
Items that may be classified subsequently to profit or loss		
Exchange difference on translation of foreign operations	1,243	18,878
Total comprehensive income / (loss) for the year, net of tax	30,446	(2,282,439)
Total comprehensive profit / (loss) attributable to Owners of DataDot Technology Limited	30,446	(2,282,439)

The Group have initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations

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 2020

	Notes	2020 \$	2019 \$
Current Assets			
Cash and cash equivalents	9	1,005,325	194,752
Trade and other receivables	10	892,492	544,975
Inventories	11	262,027	421,702
R&D grant receivable		214,394	47,700
Total Current Assets		2,374,238	1,209,129
Non Current Assets			
Plant and equipment	12	616,487	265,425
Intangibles	13	-	-
Investments		2,948	120
Deferred Tax Asset	5	-	16,264
Total Non Current Assets		619,435	281,809
Total Assets		2,993,673	1,490,938
Current Liabilities			
Trade and other payables	14	446,980	712,997
Borrowings	15	-	2,323
Income tax		-	-
Employee benefits	16	78,735	80,872
Provisions	17	7,105	81,424
Other current liabilities	18	126,973	43,659
Total Current Liabilities		659,793	921,275
Non Current Liabilities			
Borrowings	15	-	454,831
Employee benefits	16	10,161	8,504
Other non-current liabilities	18	411,856	120
Total Non Current Liabilities		422,017	463,455
Total Liabilities		1,081,810	1,384,730
Net Assets		1,911,863	106,208
Equity			
Issued capital	19	41,557,528	39,692,526
Accumulated losses		(37,640,893)	(37,670,096)
Reserves	20	(2,004,772)	(1,916,222)
Equity attributed to the owners of DataDot Technology Limited		1,911,863	106,208
Total Equity		1,911,863	106,208

The Group have initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations

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 2020

	Attributable to equity holders of the parent					Total equity \$
	Issued capital \$	Accumulated losses \$	Foreign currency translation reserve \$	Employee equity benefit reserve \$	Other reserve \$	
Balance at 30 June 2018	39,692,526	(35,368,779)	(1,749,866)	355,197	(678,623)	2,250,455
Loss after income tax expense for the year	-	(2,301,317)	-	-	-	(2,301,317)
Other comprehensive income for the year, net of tax	-	-	18,878	-	-	18,878
Total comprehensive income for the year	-	(2,301,317)	18,878	-	-	(2,282,439)
Convertible Note Reserve					95,169	95,169
Transactions with owners in their capacity as owners :						
Share based payments	-	-	-	43,023	-	43,023
Share issues	-	-	-	-	-	0
Share issue costs	-	-	-	-	-	0
Balance at 30 June 2019	39,692,526	(37,670,096)	(1,730,988)	398,220	(583,454)	106,208
Profit 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)
Balance at 30 June 2020	41,557,528	(37,640,893)	(1,729,745)	403,596	(678,623)	1,911,863

The Group have initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations

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 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,877,328	3,830,440
Payments to suppliers and employees (inclusive of GST)		(4,271,887)	(5,445,264)
Interest paid		-	(3,641)
Income tax paid		(10,435)	(16,108)
Receipt of government grants		(58,116)	192,963
		<hr/>	<hr/>
Net cash used in operating activities	9	(463,110)	(1,441,610)
Cash flows from investing activities			
Interest received		639	1,015
Payments for plant and equipment		(40,878)	(58,397)
Payments for development costs and other intangibles		-	(6,929)
		<hr/>	<hr/>
Net cash flows used in investing activities		(40,239)	(64,311)
Cash flows from financing activities			
Proceeds from convertible notes issued		600,000	550,000
Redemption of Convertible Notes		(1,150,000)	-
Proceeds from share issue (net of share issue costs)		1,865,002	-
Repayment of borrowings		(2,323)	-
		<hr/>	<hr/>
Net cash provided by financing activities		1,312,679	550,000
Net decrease in cash and cash equivalents		809,330	(955,921)
Cash and cash equivalents at the beginning of the financial year		194,752	1,125,253
Effects of exchange rate changes on cash and cash equivalents		1,243	25,420
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	9	1,005,325	194,752

The Group have initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations

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 27 August 2020.

Comparatives are consistent with prior years, except for the information relating to leases due to the modified retrospective adoption of AASB 16.

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 2020, the company earned a profit after tax of \$29,203 (2019: Loss \$2,301,317). Negative operating cash flows of \$463,110 (2019: \$1,441,610) were incurred. Revenue from sale of goods and services has grown by 15% in 2020 (2019: -37%).

As disclosed in the Directors Report, the company has raised \$1,829,565 in capital during May and June 2020 through a Placement and a 1:3 Rights Issue. \$1,150,000 of the proceeds were used to redeem all the Convertible Notes and the balance has been applied to strengthening working capital to support the company through the Covid - 19 period of business uncertainty. Although slower than originally anticipated, (mostly due to Covid - 19) sales through one of our distributors for distribution in Europe and Russia continue to support a stable platform for future growth and strength.

Cash held by the company at 30 June 2020 was \$1,005,325 (2019: \$194,752) and Net Assets of the group have increased to \$1,911,863 from \$106,208 at 30 June 2019.

These financial results demonstrate greater financial strength than was the case at June 2019 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;

DataTraceID® – a high speed, high security, machine readable system for authenticating materials, products, and assets and IntelliSeed™ by AgTechnix is a frontier patent pending technology, supporting global agriculture and protecting investments in intellectual property across a diverse spectrum of agricultural activities, including seed and plant genetics.

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.

Notes to the Financial Statements

for the year ended 30 June 2020

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 2020 and 30 June 2019.

Segment performance	DataDotDNA	DataTraceID	Intersegment eliminations	Total
Year ended 30 June 2020	\$	\$	\$	\$
Revenue from external customers	3,479,139	295,431	-	3,774,569
Intersegment sales	48,436	1,575	(50,011)	0
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)
Intangibles Impairment	-	-	-	-
Finance costs	(114,734)	-	-	(114,734)
Profit / (Loss) before income tax	(127,776)	167,413	-	39,637
Income tax expense	(10,434)	-	-	(10,434)
Profit / (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
Segment performance	DataDotDNA	DataTraceID	Intersegment eliminations	Total
Year ended 30 June 2019	\$	\$	\$	\$
Revenue from external customers	2,756,779	522,800	-	3,279,579
Intersegment sales	439,320	9,792	(449,112)	-
Total revenue	3,196,099	532,592	(449,112)	3,279,579
Gross profit	1,608,674	300,809	(448,006)	1,461,477
Restructuring expenses	-	-	-	-
EBITDA	(1,568,137)	(189,158)	-	(1,757,295)
Depreciation and amortisation	(206,892)	(32,388)	-	(239,280)
Intangibles Impairment	(284,249)	(11,221)	11,221	(284,249)
Finance costs	(5,966)	-	-	(5,966)
Loss before income tax	(2,065,244)	(232,767)	11,221	(2,286,790)
Income tax expense	(14,527)	-	-	(14,527)
Loss after income tax	(2,079,771)	(232,767)	11,221	(2,301,317)
Segment assets	14,088,291	199,008	(12,796,361)	1,490,938
Segment liabilities	17,905,943	2,289,869	(18,811,082)	1,384,730

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

DataDot operates facilities in two geographical regions of Australasia and 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 8% of total revenue (2019 : 10%), in Europe one customer accounts for 12% of total revenue (2019 : 11%), in the Americas one customer accounts for 14% of total revenue (2019 : 21%) and in DataTraceID one customer accounts for 4% total revenue (2019 : 5%).

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

	DataDotDNA	DataTraceID	Total
	\$	\$	\$
Consolidated - 2020			
Geographical regions			
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>

Timing of revenue recognition

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>

	DataDotDNA	DataTraceID	Total
	\$	\$	\$
Consolidated - 2019			
Geographical regions			
Asia	101,713	189,187	290,900
Americas	799,430	19,271	818,701
Africa	381,264	11,478	392,742
Australia	427,249	15,272	442,521
Europe	1,033,332	301,383	1,334,715
	<u>2,742,988</u>	<u>536,591</u>	<u>3,279,579</u>

Timing of revenue recognition

Point in time	2,742,988	421,555	3,164,543
Over time	-	115,036	115,036
	<u>2,742,988</u>	<u>536,591</u>	<u>3,279,579</u>

Notes to the Financial Statements

for the year ended 30 June 2020

	2020	2019
	\$	\$
3 Other Income		
Interest revenue	639	997
Government grants:		
Research and development grants *	166,724	215,295
Cash Boost and Job Keeper assistance - Australia and UK	132,596	-
Sundry income	23,652	6,171
	323,611	222,463

* 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.

	2020	2019
	\$	\$
4 Expenses		
The consolidated statement of profit and loss includes the following specific expenses:		
<i>Cost of sales</i>		
Inventory	677,951	518,014
Stock obsolescence	49,002	256,428
<i>Administration expenses</i>		
Net loss / (gain) on foreign currency	85,601	6,487
Minimum equipment lease payments		
Employee benefits expenses	827,632	1,705,126
Employee share based payment expenses	5,376	43,023
Superannuation expenses	66,367	126,306
Research & development expenses	67,989	24,099
Bad debt expense	64,822	48,559
Administrative expenses	588,756	1,056,346
	1,706,543	3,009,946
<i>Occupancy expenses</i>		
Minimum lease payments	138,799	254,175
<i>Restructuring expenses</i>	126,835	-
Restructuring expenses include legal, professional services and consulting fees relating to the proposed Beston merger deal in restructuring the business.		

for the year ended 30 June 2020

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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.

	2020	2019
	\$	\$
The amount of the potential deferred tax assets attributable to revenue losses not brought to account	10,793,780	10,699,453

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 against which the deductible temporary differences and losses can be utilised.

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 recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

There is no deferred tax liabilities in other tax jurisdictions

Returned Tax Losses in the USA of USD 5,817,093 (2019: 5,328,294 will expire progressively from 2022 to 2039.

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 (2019:BDO East Coast Partnership)

Amounts paid or payable for audit services by AuditOnly (2019: BDO East Coast Partnership):

	2020	2019
	\$	\$
An audit or review of the financial statements	73,000	162,000
Other services :		
Tax compliance	-	29,000
Other services - R&D and restructure advice	-	75,992
	73,000	266,992

Amounts paid or payable to AuditOnly (2019: BDO) network firms :

Audit or review of the financial statements	-	21,349
Tax compliance	-	-
	-	21,349

Notes to the Financial Statements

for the year ended 30 June 2020

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

2020	2019
\$	\$
0.003	(0.299)
0.003	(0.299)
29,203	(2,301,317)

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
851,167,141	770,290,319
2,000,000	2,000,000
853,167,141	772,290,319

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 diluted earnings per share. The calculation of diluted earnings per share assumes conversion, exercise or other issue of potential ordinary shares that would have a dilutive effect on earnings per share.

9 Cash and Cash Equivalents

Reconciliation of cash

2020	2019
\$	\$

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

1,005,325	194,752
1,005,325	194,752

Cash Flow Information

Reconciliation of loss after tax to net cash from operations :

Profit / (Loss) after income tax expense for the year	29,203	(2,301,317)
Add/(less) items classified as investing/financing activities:		
Interest received	(639)	(1,015)
Increase / Decrease in Shares Issued		
Add/(less) non cash items:		
Depreciation, amortisation and impairment	177,833	523,529
Share based payments	5,376	43,023

Changes in assets and liabilities :

(Increase)/ Decrease in trade and other receivables	(347,517)	230,333
Decrease in non-current tax assets	16,264	-
Decrease in inventories	159,675	192,767
(Increase) / Decrease in grant receivable	(166,694)	129,347
Decrease in trade and other payables	(266,017)	(81,575)
Decrease/(Increase) in current tax liabilities	-	(1,581)
Decrease in other liabilities	(68,457)	(165,260)
Decrease in employee benefits	(2,137)	(12,184)
Increase / (Decrease) in borrowings	-	2,323

Net cash used in operating activities

(463,110)	(1,441,610)
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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

	2020	2019
	\$	\$
Trade receivables	975,968	572,342
Provision for impairment	(247,354)	(182,635)
	728,614	389,707
Prepayments	115,313	137,189
Other receivables	48,565	18,079
	892,492	544,975

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

	Current	< 30 days overdue	< 60 days overdue	< 90 days overdue	> 90 days overdue	Total
30 June 2020						
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
30 June 2019						
Expected loss rate (%)	0.63%	6.24%	9.60%	0.00%	100.00%	31.91%
Gross carrying amount (\$)	235,069	158,841	7,955	-	170,477	572,342
ECL provision	1,486	9,908	764	-	170,477	182,635

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

	2020	2019
	\$	\$
Balance at beginning of the year (calculated in accordance with AASB 139)	182,635	244,958
Amount restated through opening retained earnings on adoption of AASB 9	-	-
Opening impairment allowance calculated under AASB 9	182,635	244,958
Additional impairment loss recognised	-	-
Amounts written off as uncollectible	-	-
Movement through provision	64,719	(62,323)
Balance at end of the year	247,354	182,635

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.

Notes to the Financial Statements

for the year ended 30 June 2020

11 Inventories

Raw materials
Finished goods

	2020	2019
	\$	\$
Raw materials	262,027	414,519
Finished goods	-	7,183
	262,027	421,702

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.

12 Plant and Equipment

Plant and equipment - at cost
Accumulated depreciation
Total owned plant and equipment

	\$	\$
Plant and equipment - at cost	1,842,135	2,545,654
Accumulated depreciation	(1,666,742)	(2,327,264)
Total owned plant and equipment	175,393	218,390

Plant and equipment under lease
Accumulated depreciation
Total plant and equipment under lease

Plant and equipment under lease	203,286	152,923
Accumulated depreciation	(129,753)	(107,046)
Total plant and equipment under lease	73,533	45,877

Leasehold improvements - at cost
Accumulated depreciation
Total leasehold improvements

Leasehold improvements - at cost	252,670	207,329
Accumulated depreciation	114,892	(206,171)
Total leasehold improvements	367,562	1,158
	616,487	265,425

Movements in carrying amounts

	Plant and equipment	Plant and equipment under lease	Leasehold Improvements	Totals
	\$	\$	\$	\$
Balance as at 1 July 2018	296,977	61,169	1,589	359,735
Additions	58,397	-	-	58,397
Disposals	(39,897)	-	-	(39,897)
Depreciation expense for the year	(100,153)	(15,292)	(431)	(115,876)
Exchange adjustments	3,066	-	-	3,066
Balance at 30 June 2019	218,390	45,877	1,158	265,425
Additions	52,696	50,362.60	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	616,487

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 equipment is over 4 years, plant and equipment over 10 years and leasehold improvements over 10 years.

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.

13 Intangible Assets

Development - at cost

Less: Accumulated amortisation

Less: Impairment of intangibles

Patent and trademarks - at cost

Less: Accumulated amortisation

Less: Impairment of intangibles

Goodwill

Less: Impairment of intangibles

Software - at cost

Less: Accumulated amortisation

Less: Impairment of intangibles

	2020	2019
	\$	\$
Development - at cost	1,219,009	1,219,009
Less: Accumulated amortisation	(1,062,049)	(1,062,049)
Less: Impairment of intangibles	(156,960)	(156,960)
	-	-
Patent and trademarks - at cost	590,446	590,446
Less: Accumulated amortisation	(470,796)	(470,796)
Less: Impairment of intangibles	(119,650)	(119,650)
	-	-
Goodwill	-	-
Less: Impairment of intangibles	-	-
	-	-
Software - at cost	42,567	42,567
Less: Accumulated amortisation	(34,098)	(34,098)
Less: Impairment of intangibles	(8,469)	(8,469)
	-	-
	-	-

Movements in carrying amounts

	Development	Patents and trademarks	Goodwill	Software	Totals
	\$	\$	\$	\$	\$
Balance as at 1 July 2018	222,286	132,662	-	15,489	370,437
Additions	0	6,929	-	-	6,929
Impairment of intangibles	(156,130)	(119,650)	-	(8,469)	(284,249)
Amortisation expense	(66,156)	(19,941)	-	(7,020)	(93,117)
Balance at 30 June 2019	-	-	-	-	-
Additions	-	-	-	-	-
Impairment of intangibles	-	-	-	-	-
Amortisation expense	-	-	-	-	-
Balance at 30 June 2020	-	-	-	-	-

13 Intangible Assets (continued)

Accounting treatment

Development costs

Development costs are carried at cost less accumulated amortisation and accumulated impairment losses. The intangible assets have been assessed as having finite lives and are amortised using the straight line method over a period of 5 to 10 years. The amortisation has been recognised in the statement of profit or loss in the line item “depreciation, amortisation and impairment”. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Patents and trademarks

Patent costs are carried at cost less accumulated amortisation and accumulated impairment losses. These intangible assets have been assessed as having a finite life and are amortised using the straight line method over the period of the patent or a maximum period of 10 years. The amortisation has been recognised in the statement of profit or loss in the line item 'administration expenses'. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

In 2020 nil (2019: \$6.929) costs were capitalised and any costs associated with the lodging, renewal, and maintenance of patents & trademarks that were incurred have been expensed.

Goodwill

Where an entity or operation is acquired in a business combination, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of the acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised. Instead goodwill is tested annually for impairment , or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Impairment testing

The write off of all intangibles remaining in the parent company post 30 June 2018 relates to a change in the strategic direction of the company under the new Board on consideration that these no longer meet recognition criteria under AASB 138. Intangible assets are considered to have uncertain definable economic benefits under the new strategy.

Notes to the Financial Statements

for the year ended 30 June 2020

14 Trade and Other Payables

Trade payables

Sundry creditors and accruals

	2020	2019
	\$	\$
	158,608	158,102
	288,372	554,895
	<u>446,980</u>	<u>712,997</u>

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 and convertible notes.

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.

15 Borrowings

Financing arrangements

Current - Interest Payable

Non-Current - Convertible Notes issues

	2020	2019
	\$	\$
	-	2,323
	-	454,831
	<u>-</u>	<u>457,154</u>

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.

Notes to the Financial Statements

for the year ended 30 June 2020

16 Employee Benefits

	2020	2019
Current	\$	\$
Employee benefits	78,735	80,872
Non Current		
Employee benefits	10,161	8,504

Accounting treatment

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

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.

(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.

17 Provisions

	2020	2019
Current	\$	\$
Lease make good	-	49,892
Other provisions	7,105	31,532
	7,105	81,424

Other provisions

A provision of \$7,105 (2019 : \$9,250) 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

Lease make good

During the year, the company moved premises from Frenchs Forest in Australia to Brookvale in Australia. In accordance with the lease agreement with the owner of DataDot's facilities in Frenchs Forest, DataDot restored the leased premises to its original condition at the end of the lease term, or negotiated a reduced scope of works with the landlord and or the incoming tenant. The provision for make good that was available at 30 June 2019 has been fully utilised or written back to the extent that it was not needed.

Movements in provisions

The Lease Make Good provision of \$49,892 at 30 June 2019 has been reduced to nil as make good works were performed and the unused balance was written back to the profit and loss account. Claims for \$2,145 were made against the motor vehicle warranty provision during the year. The Warranty Reserve provision of \$22,282 established in FY 2019 in relation to a potential customer claim was written back due to its not being required.

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.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the statement of financial position date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk free government bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Notes to the Financial Statements

for the year ended 30 June 2020

18 Other Liabilities

Current

Deferred income

Revenue received in advance

Other Current Liabilities

2020	2019
\$	\$
64,699	120
21,635	43,539
40,639	
126,973	43,659

Non-Current

Other liabilities

Property and Equipment Leases

Deferred income

2020	2019
\$	\$
-	120
411,856	-
-	-
411,856	120

19 Issued capital

Issued capital at beginning of financial period

Less Shares Cancelled during the year:

Shares issued or under issue during the year :

Share placement

Shares under the Rights Issue

Share issue costs

Issued capital at the end of the financial period

There is no current on-market share buy-back.

2020 No	2020 \$	2019 No	2019 \$
810,606,351	39,692,526	810,606,351	39,692,526
(16,126,414)	0		
205,201,578	845,535	-	-
261,027,836	1,044,111	-	-
	(24,644)	-	-
1,260,709,351	41,557,528	810,606,351	39,692,526

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 2019 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.

20 Reserves

Foreign currency translation reserve

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

Movement in share based payments

Employee equity benefits reserve

2020	2019
\$	\$
(1,729,745)	(1,730,988)
398,220	355,197
5,376	43,023
403,596	398,220

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 24.

Other Reserves

Balance at beginning of financial year

Movement in Convertible Note Reserve

2020	2019
\$	\$
(583,454)	(678,623)
(95,169)	95,169
(678,623)	(583,454)

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.

Total Reserves

2020	2019
\$	\$
(2,004,772)	(1,916,222)

Notes to the Financial Statements

for the year ended 30 June 2020

21	Commitments	2020		2019	
		\$		\$	
	Operating lease commitments				
	Committed at the reporting date and recognised as liabilities, payable:				
	Within one year		40,780		224,502
	One to five years		411,836		298,259
			452,616		522,761
	Refer to note 28 for information on leases for 2020.				
	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		135,000		113,558

22 Contingent Liabilities

Guarantees

DataDot has issued bank guarantees of \$34,375 (2019: \$49,500). 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 17 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.

23 Subsidiaries and Associated Entities

	Principal place of business/ Country of Incorporation	Ownership interest %	
		2020	2019
<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
Live Data Pty Limited (De registered 6 May 2020)	Australia		100
<i>Associated entities</i>			
Brandlok Brand Protection Solutions Pty Limited	Australia	20	20

24 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:

	2020	2019
	\$	\$
Remuneration of key management personnel :		
Short term employee benefits	633,809	968,971
Post employment benefits	38,416	62,258
Long term benefits	-	62,638
Share based payments (Note 27)	2,688	28,231
	674,913	1,122,098

25 Related Party Transactions

Parent entity

DataDot Technology Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 23.

Associated entities

In 2019, DataTrace offset the fully provided for outstanding Brandlok balance of \$55,000 from 2018 against the income in advance of \$51,000 received in 2017.

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:

	2020	2019
Interest Paid by the company on Convertible Notes	27,238	-
Rent received on premises leased by the group	11,226	-
Reimbursement of expenses incurred in the normal course of business	146,400	-
Payment by the Group of Vault Licence Fees	9,041	-

Amounts owing from / (to) Directors and Director Related entities at balance date: (since received)	2,826	-
Amounts owing to Property Vault International Pty Ltd (since paid)	12,496	-

26 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.

26 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 2020	Within 1 Year
	\$
Financial Assets	
Cash and cash equivalents	1,005,325
Trade and other receivables	777,179
Grant receivable	214,394
	1,996,898
Financial Liabilities	
Trade and other payables	446,980
Net maturity	1,549,918
 Consolidated entity 30 June 2019	 Within 1 Year
	\$
Financial Assets	
Cash and cash equivalents	194,752
Trade and other receivables	407,786
Grant receivable	47,700
	650,238
Financial Liabilities	
Trade and other payables	712,997
Net maturity	(62,759)

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.

26 Financial Risk Management (continued)

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Remaining contractual maturities
Consolidated - 2020	%	\$	\$	\$
Non-derivatives				
<i>Non-interest bearing</i>				
Trade and other payables	-	446,980	-	446,980
<i>Interest-bearing - fixed rate</i>				
Convertible notes payable	8%	-	-	-
Total non-derivatives		446,980	-	446,980
	Weighted average interest rate	1 year or less	Between 1 and 2 years	Remaining contractual maturities
Consolidated - 2019	%	\$	\$	\$
Non-derivatives				
<i>Non-interest bearing</i>				
Trade and other payables	-	712,997	-	712,997
<i>Interest-bearing - fixed rate</i>				
Convertible notes payable	8%	46,323	572,181	618,504
Total non-derivatives		759,320	572,181	1,331,501

Fair value of financial instruments

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

27 Option and Share Based Payments

	2020	2019
Expenses arising from share based payments to Key Management Personnel :	\$	\$
Executive options issued at 1.1c to Andrew Winfield 11/10/16 expiring 01/07/2019	-	12,105
CEO Share Loan Scheme for Temogen Hield issued @ 2.7c	-	2,688
CFO Share Loan Scheme for David Williams issued @ 2.7c	2,688	6,719
Share Loan Scheme for Steve Delepine issued @ 2.7c	2,688	6,719
Total expense arising from options and share based payments during the period	5,376	28,231

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	2020 No	2020 Avg issue \$	2019 No	2019 Avg issue \$
Balance at the beginning of the period	2,000,000	0.0300	2,000,000	0.0300
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	2020 No	2020 Avg issue \$	2019 No	2019 Avg issue \$
Balance at the beginning of the period	9,000,000	0.0538	13,000,000	0.0372
Options issued	-	-	-	-
Options expired	(9,000,000)	-	(4,000,000)	-
Balance at the end of the period	-		9,000,000	

27 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.

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 FY19 and FY20 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 has been taken up as the final cost associated with the 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).

Notes to the Financial Statements

for the year ended 30 June 2020

28 Leases

The Group have applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and

Company as a lessee

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

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	Plant and Equipment	Total
	\$	\$	\$
Year ended 30 June 2020			
Additions to right-of-use assets	116,544	24,124	140,668
Amortisation charge	29,136	2,090	31,226
Balance at end of year	145,679	26,214	171,894

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 undiscounted lease liabilities	Lease liabilities included in this Statement Of Financial Position
2020	\$	\$	\$	\$	\$
Lease liabilities	43,475	446,085	-	489,560	452,616

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

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:

	2020
	\$
Interest expense on lease liabilities	1,301
Expenses relating to leases of low-value assets	-
Amortisation of right-of-use assets	112,084
	113,385
Statement of Cash Flows	
Total cash outflow for leases	56,698

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 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

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 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
- 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 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 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 Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate 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

Notes to the Financial Statements

for the year ended 30 June 2020

29 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	2020	2019
	\$	\$
Current assets	1,964,427	831,744
Non current assets	5,857,662	3,279,235
Total assets	7,822,089	4,110,979
Current liabilities	256,245	403,988
Non current liabilities	4,834,638	5,192,622
Total liabilities	5,090,883	5,596,610
Equity		
Issued capital	41,557,529	39,692,526
Accumulated losses	(40,054,229)	(41,340,443)
Reserves	1,227,906	176,713
Total equity	2,731,206	(1,471,204)
Statement of profit or loss and other comprehensive income		
Profit / (Loss) after income tax	972,600	(2,263,896)
Total comprehensive income	972,600	(2,263,896)

Parent Entity Commitments and Guarantees

DataDot has issued a bank guarantee of \$34,375 (2019: \$49,500). No liability was recognised by DataDot in relation to the bank guarantee as the fair value of the guarantee is immaterial.

Remuneration commitments	2020	2019
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	135,000	99,976

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments

The parent entity had no capital commitments for plant and equipment as at 30 June 2020 and 30 June 2019.

Significant accounting policies

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

30 Events after the reporting period

No matter or circumstance has arisen since 30 June 2020 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.

31 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 29.

(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.

31 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 warrantees 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.

31 Summary of other significant accounting policies (continued)**(e) Adoption of new accounting standards****Financial statement impact of adoption of AASB 16**

The Group has recognised right-of-use assets of \$116,544 at 1 July, 2019, for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July, 2019 was 8%.

	\$
Operating lease commitments at 30 June 2019 financial statements	-
Discounted using the incremental borrowing rate at 1 July, 2019	-
Add:	
Finance lease liabilities	116,544
Variable lease payments linked to an index	-
Less:	
Leases for low value assets included in commitments note	-
Lease liabilities recognised at 1 July, 2019	<u>116,544</u>

AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions

In the current year, the directors have elected to apply AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions before its mandatory application date. AASB 2020-4 amends AASB 16 Leases and is effective for annual periods that begin on or after 1 June 2020.

COVID-19 has led many lessors to provide relief to lessees by deferring or relieving them of amounts that would otherwise be payable. In some cases, this is through negotiation between the parties, but can also be as a consequence of a government encouraging or requiring that the relief be provided.

AASB 16 requires lessees to assess whether changes to lease contracts are lease modifications as this term is defined in the Standard and, if so, the lessee must remeasure the lease liability using a revised discount rate.

The amendment is intended 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 AASB 16 that permits entities to elect not to account for some or all of these rent concessions as modifications.

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 2021 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021)
- There is no substantive change to other terms and conditions of the lease. The Group has elected to apply the practical expedient to all of the COVID-19-related rental concessions it has obtained as lessee.

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 year. No concessions have yet been granted on the UK lease.
- Recalculated the NPV of the new 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.
- Recognised a change in lease payments that reduces payments in the period to 30 June 2020 and 30 June 2021 by \$152,313, and an equivalent increase in payments in the period to 30 June 2022 by \$152,313, such that there is no change to the overall consideration.

In accordance with the transitional provisions, the Group has applied the amendment retrospectively in accordance with AASB 108 Accounting Policies, Changes in Estimates and Errors, and has not restated prior period figures. As the rental concessions have arisen during the current financial period and only on leases that commenced in the current financial period, there is no retrospective adjustment to opening balance of retained earnings at 1 July 2019 on initial application of the amendment.

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 nonpayment 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.

(f) 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

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.

Make good provisions

A provision has been made for the present value of anticipated costs of future restoration of leased manufacturing premises. The provision includes future cost estimates associated with factory dismantling and make good of the office environment.

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 16, 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 2020 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
Chairman
DataDot Technology Limited

27 August 2020

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 2020, 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 2020 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. In addition to the matter described in the Material uncertainty related to going concern section, 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 2020 the Group recognised \$3,774,569 (2019: \$3,279,579).</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">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;Performing analytical procedures to understand movements and trends in revenue for comparisons against expectations;Checking a sample of revenue transactions to evaluate whether they were appropriately recorded as revenue ensuring the amounts recorded agreed to supporting evidence; andPerforming cut-off testing to ensure that revenue transactions around year end have been recorded in the correct reporting period.

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 historical operating losses of the Group and the deficiency in operating cashflows.</p>	<p>Our audit procedures included, amongst others;</p> <ul style="list-style-type: none">Reviewing the Group's assessment of the appropriateness of the going concern basis of accounting;Performing procedures on the Group's Board approved budget for the year ended 30 June 2021, including critical analysis of the assumptions driving the Group's budget; andAssessment of the Group's liquidity position as at 30 June 2020 and the cash needs flowing from the 2021 forecast including sensitivity analysis in relation to the expected 2021 results.

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 2020, 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) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

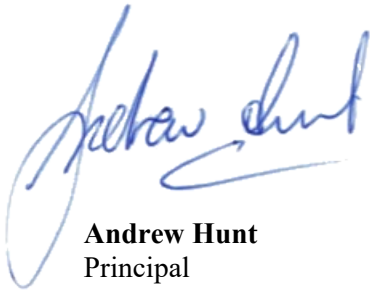
Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 20 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Datadot Technology Limited, for the year ended 30 June 2020, 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

27 August 2020

