



6 August 2021

Ms Laura Gomme
Adviser, Listings Compliance
Level 40, Central Park
152-158 St George's Terrace
PERTH WA 6000

Dear Laura

RESPONSE TO ASX QUERY LETTER

DTI Group Ltd (ACN 069 791 091) (ASX:DTI) (**DTI**) refers to ASX's letter dated 2 August 2021 (**ASX Letter**) in relation to DTI's Appendix 4C for the period ended 30 June 2021.

In response to each of the queries raised in the ASX Letter, DCG responds as follows:

Question 1:

In response to Q1 of the Appendix 4C, DTI states '*the next quarter is expected to generate a similar level of net operating cash flow*'. DTI has reported negative operating cash flow of \$991,000 for the June 2021 Quarter. Given DTI has cash of \$766,000 at 30 June 2021, and reported negative cash flows of \$991,000 for the June 2021 Quarter, does DTI consider it has sufficient cash reserves to continue operations?

Response: Yes.

Question 2:

The Responses disclose that DTI has '*engaged the two major shareholders for short-term loan(s) on a commercial basis to provide the necessary working capital to execute the Company's business plan*'. Please provide further details regarding the short term loans, including:

2.1 The material terms of the arrangement and parties involved (including details of any relationship between such parties and DTI and/or its directors);

Response: DTI has been in discussions with its 2 major shareholders being UIL Limited and Finico Pty Ltd who, between them, hold approx. 67% of the issued capital of DTI. No director of DTI is a related party to these shareholders. Discussions on financial support being provided are continuing and have not been finalised at this time. The discussions are well advanced and DTI has received a positive response from these shareholders providing confidence to DTI that the financial support will be provided.

2.2 The amount DTI anticipates raising pursuant to the short term loans;

Response: The amounts have yet to be finalised but will be based on the cash flow requirements



2.3 When DTI anticipates receiving funds pursuant to the arrangement.

Response: DTI anticipates that financial support will be provided within the next 4 weeks.

Question: Does DTI expect to be able to continue its operations and to meet its business objectives, and if so, on what basis?

Response: DTI has sufficient funds to continue operations. If financial support is not received DTI will delay the prepurchase of some inventory and investments in business improvement activities until later in the year.

Question: Please confirm that DTI is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.

Response: Confirmed.

Question: Please confirm that DTI's responses to the above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of DTI with delegated authority from the board to respond to ASX on disclosure matters.

Response: Confirmed.

Yours sincerely,

A handwritten signature in blue ink that reads 'Ian Hobson'.

Ian Hobson

Company Secretary

This ASX release was authorised by the Board of DTI Group Limited.



2 August 2021

Mr Ian Hobson
DTI Group Ltd
31 Affleck Road
Perth Airport
WA 6105

By email: ianhobson@bigpond.com

Dear Mr Hobson

DTI Group Ltd ('DTI'): Appendix 4C - Query

ASX refers to DTI's Appendix 4C quarterly report for the period ended 30 June 2021 lodged with ASX Market Announcements Platform on 30 July 2021 (the 'Appendix 4C').

ASX notes that DTI has reported:

- Negative net operating cash flows for the quarter of \$991,000;
- Cash at the end of the quarter of \$766,000;
- Less than 2 estimated quarters of funding available and
- The following responses to the questions in section 8.6 of the Appendix 4C as set out below:
 - Q1 – Does the entity expect that it will continue to have the current level of new operating cash flows for the time being and, if not, why not?
 - A1 – *'The next quarter is expected to generate a similar level of net operating cash flow. From Q2 FY22 positive net operating cash flow is forecast to be generated for the quarter through an increase in cash receipts and reduced operating costs.'*
 - Q2 - Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
 - A2 – *'Yes, DTI has engaged the two major shareholders for short-term loan(s) on a commercial basis to provide the necessary working capital to execute the Company's business plan. These long-term shareholders have previously supported the Company with capital when required and the Company is confident that those shareholders will continue to be supportive.'*
 - Q3 - Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
 - A3 – *'Yes, the short-term loan(s) will provide the operating cash required to execute against the business plan. There is a high degree of confidence in the cost reduction strategy and sales pipeline.'*

(together, the 'Responses')

ASX does not consider the Responses have adequately addressed the questions posed in section 8.6 of the Appendix 4C form. In view of that, ASX asks DTI to respond separately to each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7:

Request for information

In view of that, ASX asks DTI to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. In response to Q1 of the Appendix 4C, DTI states *'the next quarter is expected to generate a similar level of net operating cash flow'*. DTI has reported negative operating cash flow of \$991,000 for the June 2021 Quarter. Given DTI has cash of \$766,000 at 30 June 2021, and reported negative cash flows of \$991,000 for the June 2021 Quarter, does DTI consider it has sufficient cash reserves to continue operations?
2. The Responses disclose that DTI has *'engaged the two major shareholders for short-term loan(s) on a commercial basis to provide the necessary working capital to execute the Company's business plan'*. Please provide further details regarding the short term loans, including:
 - 2.1 The material terms of the arrangement and parties involved (including details of any relationship between such parties and DTI and/or its directors);
 - 2.2 The amount DTI anticipates raising pursuant to the short term loans; and
 - 2.3 When DTI anticipates receiving funds pursuant to the arrangement.
3. Does DTI expect to be able to continue its operations and to meet its business objectives, and if so, on what basis?
4. Please confirm that DTI is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that DTI's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of DTI with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that DTI considers may be relevant to ASX forming an opinion on whether DTI is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **12 PM AWST Friday, 6 August 2021**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, DTI's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require DTI to request a trading halt immediately.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in DTI's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;

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- the event you expect to happen that will end the trading halt;
 - that you are not aware of any reason why the trading halt should not be granted; and
 - any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in DTI's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to DTI's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that DTI's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Laura Gomme
Advisor, Listings Compliance (Perth)