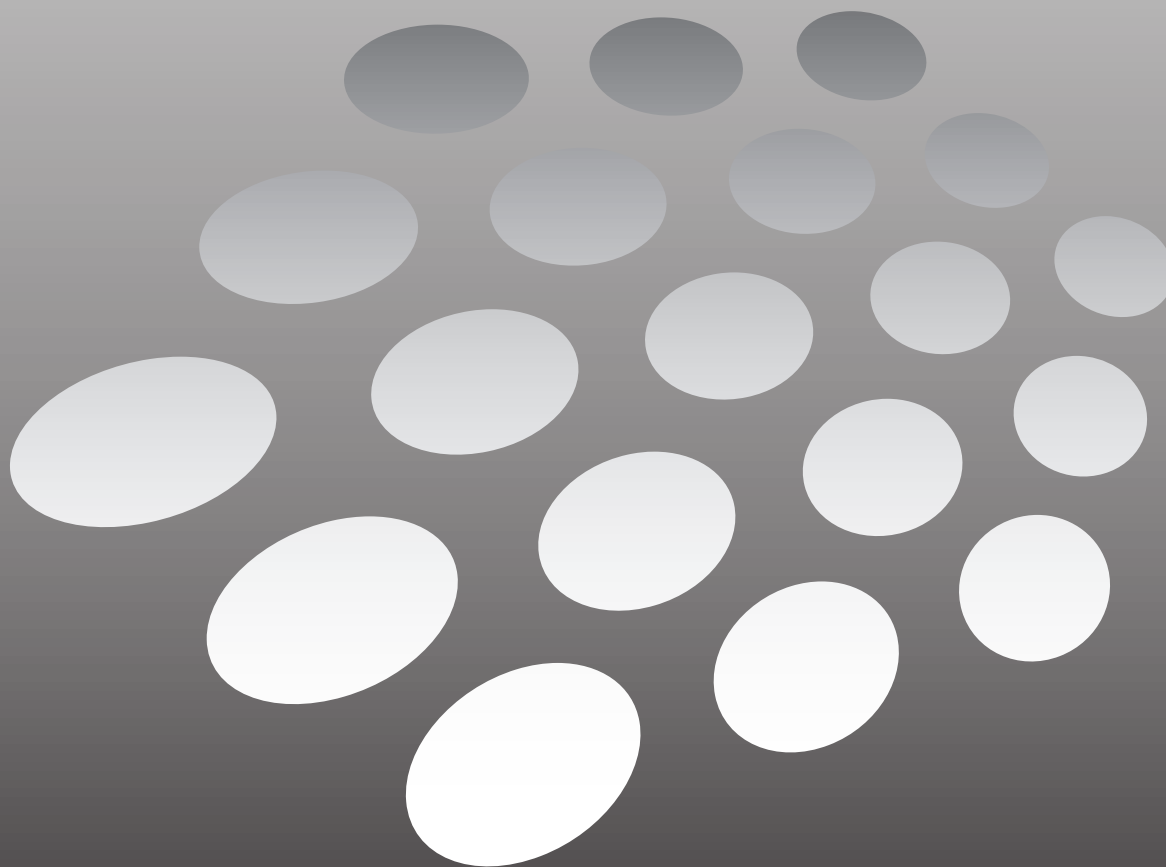




## **Annual Report 2022**

Financial Year Ended 30 June 2022

ABN 54 091 908 726





## Annual Report 2022

<b>Contents</b>	<b>Page</b>
<b>Chairman's Review</b>	2
<b>Financial Report</b>	
Directors' Report	3
Remuneration report (audited)	13
Auditor's independence declaration	20
Consolidated financial statements	
Consolidated statement of profit or loss	22
Consolidated statement of comprehensive income	23
Consolidated statement of financial position	24
Consolidated statement of changes in equity	25
Consolidated statement of cash flows	26
Notes to the financial statements	27
Directors' declaration	48
Independent auditor's report	49
<b>Shareholder Information</b>	53
<b>Corporate Information</b>	55

**ABN : 54 091 908 726**  
**8 Ethel Ave**  
**Brookvale, NSW, 2100**  
**P : +61 2 8977 4900**  
**[www.datadotdna.com](http://www.datadotdna.com)**

## Chairman's Review

### Dear Shareholders

I am pleased to present the Company's 2022 Annual Report. I am also pleased to be able to report that despite the disruptions presented in the first half of the year from the on-going periodic lock downs and logistical challenges of the Covid pandemic, and the reduction in royalty revenue in the fourth quarter due to the Ukraine conflict, the company was able to maintain its profit trajectory over the year.

Delivering a profit result in the face of these unexpected external challenges is validation of the Board and Executive's focus on cost reduction and the introduction of more efficient production and administrative processes since 2019. However, as highlighted in our Financial Report released in August, current world events and their impact on the global economic outlook have created a significant level of uncertainty, particularly in our key automotive markets going forward.

The key results for the year include:

- A decrease of 8.6% in total revenue (including an 11.2% decrease in royalty revenue);
- A 7.7 % increase in gross margin on product sales;
- A net 14.2% increase in operating expenses; and
- An overall Net Profit of \$829k excluding the Deferred Tax Benefit of \$5,701,507 in relation to unused tax losses required to be brought to account (\* see below).

	2020	2021	2022
Revenue	3,774,569	3,896,113	3,561,177
EBITDA	309,385	1,494,733	1,045,785
Net Profit / (Loss) after tax *	29,203	1,234,982	829,163 *

As a result of the profit earned during the FY 2022 year the net assets of the group have increased from \$3,173,457 at June 2021 to \$3,977,724 at June 2022 (excluding the Deferred Tax Asset) with cash and cash equivalents available to the group of \$3,179,549. Outside of standard creditor's trading terms, the Company remains debt free. This strong financial base provides us with sufficient working capital to pursue our plans for revenue growth during this current period of world economic uncertainty.

These plans include a continued focus on our efforts for the balance of FY 2023 to grow PropertyVAULT revenue streams via its suite of products and services, and securing potential new clients in the European automotive sector via our new partnership agreement with DataDot South Africa.

The Board is also cognisant of its responsibility to effectively manage the Company's cash reserve to enhance shareholder value via capital management activities. Given the priority of revenue growth for the medium term, and in view of the uncertainties in respect to the overall world economic outlook, the Board has resolved that for the remainder of FY2023 it will continue its focus on investment in new revenue generating activities while maintaining the long-term financial stability of the group.

Notwithstanding the current external challenges, your directors are committed to maintaining the significant progress that has been made towards delivering our vision of creating a sustainable and profitable business that will provide a solid financial basis to support future growth.



**Ray Carroll**

**Chairman**

**15 October 2022**

**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 2022.

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

- Ray Carroll
- Brad Kellas
- David Lloyd

**Principal activities**

The principal activities of DataDot during the year were:

- (a) to manufacture and distribute asset identification and digital protection solutions that include:
  - DataDotDNA® - polymer and metallic microdots containing data that is unique to the assets to which the microdots are attached;
  - Asset Registers - databases that record asset identification data and are accessible by law enforcement agencies and insurance investigators, and
  - DataDot-VAULT bundled asset protection products and services.
- (b) to manufacture and distribute high security DataTraceID® authentication solutions; and
- (c) To develop and distribute customised solutions combining DataDotDNA®, DataTraceID®, asset registration and/or other technologies.

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

**Dividends**

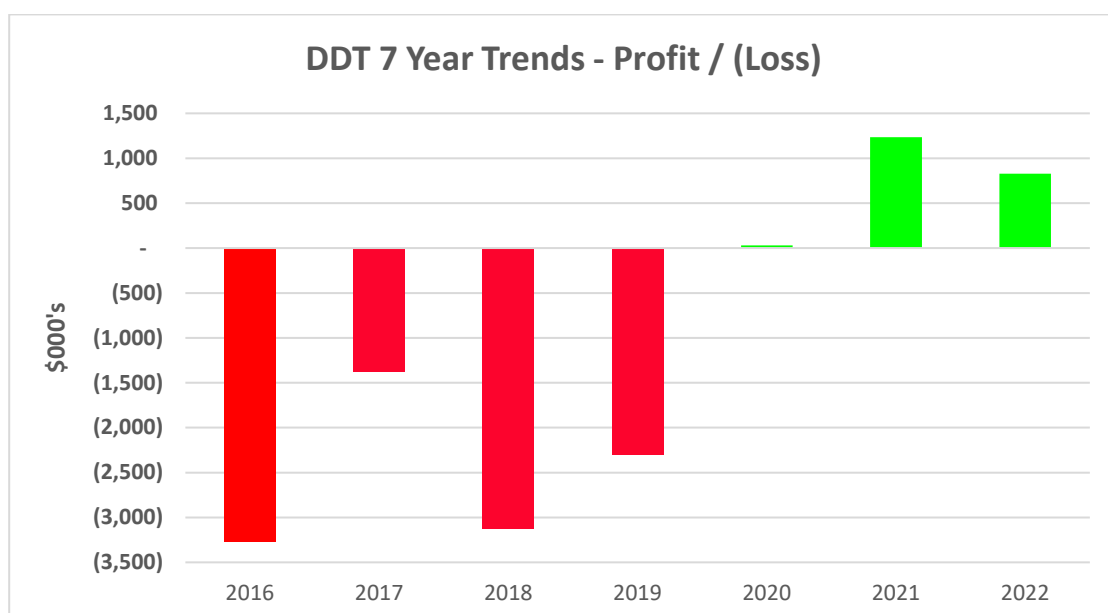
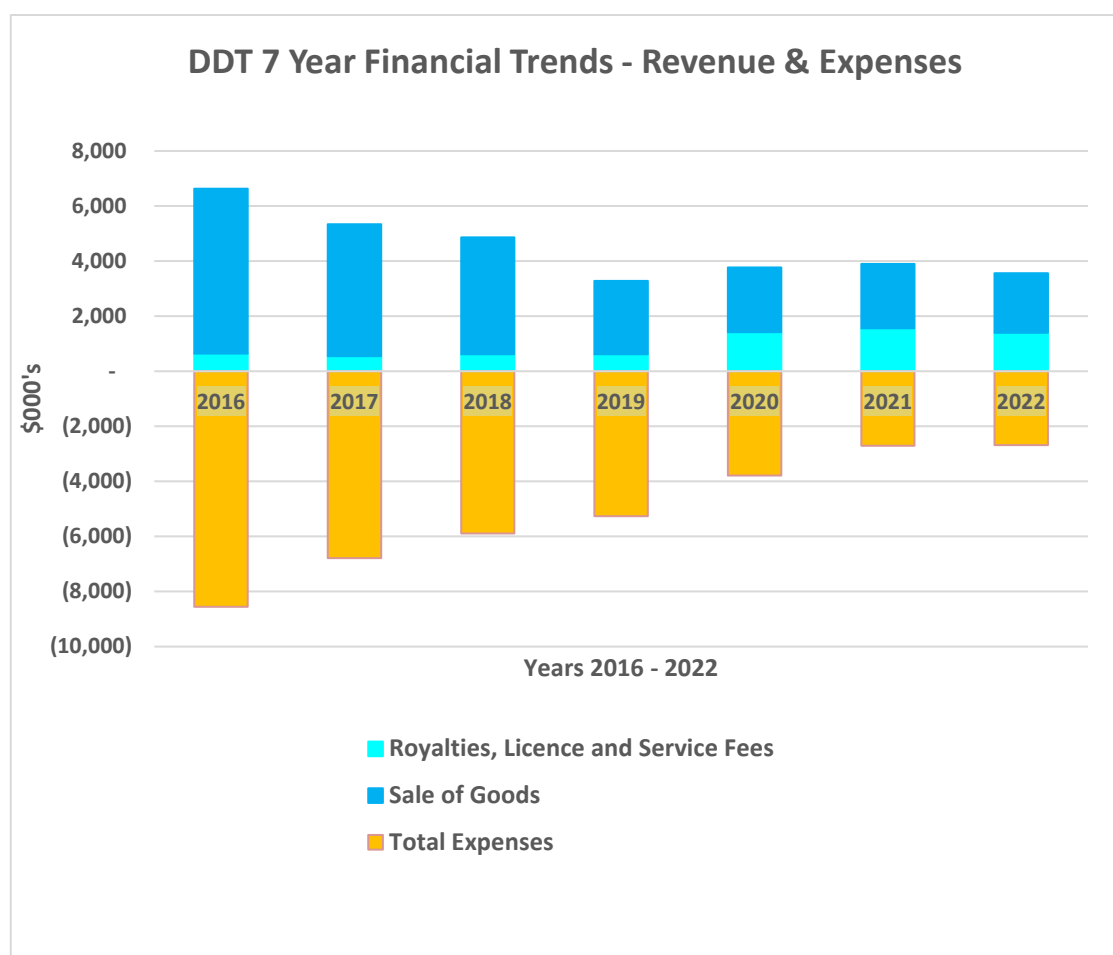
The Directors recommend that no dividend be paid. No dividends have been declared or paid during the period.

**Review of operations**

The Directors are pleased to report that for the financial year ending 30 June 2022 the Group earned a statutory net Profit After Tax of \$6,521,197. This figure includes an amount of \$5,701,507 of deferred tax assets in relation to unused tax losses of the Australian entities which are required to be brought to account this year. The underlying trading result for the Group for the financial year ending 30 June 2022 is a net Profit Before Tax of \$829,163.

While the current year profit is down from the previous year of \$1,234,982, it is still a significant improvement compared to the \$29,203 net Profit in FY 2020 and the loss of \$2.3m in 2019. Further, the net profit result in FY 2021 included payments under the Federal Governments various Covid-19 business support schemes. When the benefit of these payments is removed from the FY 2021 net profit result, a like-for-like comparison sees the FY 2022 underlying net profit result of \$829,163 compared to the FY 2021 underlying net profit result of \$1,134,482.

The following charts summarise the major trends in the financial performance of the Group over the past 7 years and the impact on the group's financial performance in the years subsequent to the change of the Board in May 2019:



**Revenues and Gross Profit Margins**

Total revenue for the Group in FY 2022 was \$3,561,177, a decrease of 8.6% from FY 2021.

The Group's overall total product sales declined by approximately 7.7%, total product sales from the traditional DataDot and Trace products declined around 9.2%, and total sales from DataDot-VAULT bundled security products and services increased by 21.3%.

Royalties and License Fees form a significant part of the Group's business model and are substantially derived from our licensees and distributors overseas. Overall royalty revenues were down in FY 2022 by 11.2%. This was largely a result of the impact in the last quarter from international sanctions arising from the conflict in Ukraine and their impact on DataDot South Africa's distributor sales in the Russian Federation. The conflict in Ukraine also had flow-on effects in Europe where there was a significant slow-down in automotive sales during the second half of the year, which has led to a build-up of excess inventory by key automotive clients.

During 2020 and 2021, major steps were taken by the Board to streamline the Group's operations and to reduce costs. As a result of these actions, the Group was able to increase Gross Margin on its traditional DataDot and Trace product lines by 7.7% compared to FY2021. The Group expects to be able to maintain these production efficiencies into the future.

**Operating Costs**

During FY 2020 and FY 2021, the Board's primary focus was on streamlining the Group's operations to achieve significant cost reductions to return the Group to a sustainable profit-making position. Having completed the restructuring the Group's operations, FY 2022 saw the consolidation of that work and reaping the ongoing benefits to reduced operating costs that arose from the closure of the USA manufacturing and sales facility, and the centralisation of management to the Sydney office. While total Operating Costs increased from FY 2021 by 14.2%, they remain well below pre-restructuring levels and the Board's continued focus in ensuring they remain under control is a key factor in the Group achieving another overall profit result in FY 2022.

The increase in Operating Costs over FY 2021 occurred in several key areas. While the Group's administration costs were reduced by 17.2%, corporate compliance costs increased by 19.3% from FY 2021. These costs were largely out of the Group's control, being fees charged by the various regulatory bodies (ASX, ASIC) and the need to comply with their requirements. The biggest increases in operational costs occurred as a result of a decision by the Board to begin implementing plans to grow the business and in particular seek new business opportunities to expand the Group's revenue base. As such, staff salaries increased by 9.2% with the hiring of new sales staff, and expenditure on promotions and advertising increased by around \$55,000. This expenditure represents the investment that the Group has begun to make in bringing the bundled DataDot-VAULT security product and service offerings to the market. Moving forward, the Board will continue to make appropriate investments to aggressively grow the bundled DataDot-VAULT security product sales and expand its revenue base into new asset classes.

Strong debtors control continued throughout FY 2022 which negated the need for any additional bad and doubtful debt provisions.

**Capital Management**

The management of the Group's cash position remains a key focus of the Directors. The cash and cash equivalents available to the Group improved during FY 2022 from \$2,328,358 to \$3,179,549. As a result, the Group's liquidity position is very sound and a feature which will be important in FY 2023 given the current uncertainty in the world economy and the impact the war in Ukraine is having on business, particularly in Europe.

In FY 2022 there were no debt instruments subject to interest payments and this has made a further positive contribution to the FY 2022 result.

No new capital raising activities occurred in FY 2022.

As a result of the profit earned during the FY 2022 year, this has again significantly strengthened the net assets of the Group from \$3,173,457 at 30 June 2021 to \$3,977,724 at 30 June 2022 (excluding \$5,701,507 in deferred tax assets brought to account in relation to unused tax losses of the Australian entities during the year).

The Board is cognisant of its responsibility to effectively manage its elevated cash balance to invest in growth opportunities and/or capital management activities while maintaining the long-term financial stability of the Group.

**Outlook**

Based on the turnaround in the Company since 2019, our prospects for significant new sales opportunities in the automotive space, and the positive results achieved up to December 2021, the Board had good reason to be optimistic in our 2022 second half-year outlook for the growth of the Company and the pathway to greater revenue generation.

Since that time world events and their impact on the global economic outlook have shifted dramatically. As advised in our announcements of 31 May 2022 and 26 July 2022 the Company has been continually assessing the potential for negative impact on its royalty revenue from these external events. Principally, the conflict in Ukraine and the slowdown in European vehicle sales as a result of the logistical constraints impacting the vehicle industry. We also flagged that due to this slowdown, the larger than planned stock holdings by DataDot South Africa's (DDSA) distributors' key European clients was likely to lead to a reduction in new product orders for the first-half of FY 2023.

Those observations have, at least to the present time, been proven accurate. In addition, the Board is also cognisant of the potential effect that the significant world-wide surge in inflation combined with interest rate rises, will have on consumer and business spending going forward.

The full extent of the cumulative impact of these external factors on the company's revenue will likely materialise in the first-half FY 2023 profit results which we expect to be negative.

Despite these headwinds, the company still enjoys a very strong financial reserve and is debt-free so it is well placed to navigate what we believe will be a temporary setback to our growth trajectory. We anticipate that our automotive related royalties will increase in the second half of the year with European automotive orders, (excluding Russia), resuming once current stocks are utilised. We therefore expect an improvement in the second half which will return us to a positive profit result by year end.

Nevertheless, due to the on-going international sanctions against Russia, it is unlikely that royalties from our current licensees and distributors in the automotive space will reach their pre-conflict levels without expansion of our automotive customer base; particularly in Europe and the United Kingdom where the most promising potential for expansion exists and we have been working towards securing a potential OEM customer.

For this reason, we have built on our existing strategic and cooperative partnership with DDSA by extending our distribution agreement to give DDSA access (except where existing distributor agreements are in force) to potential clients in the automotive manufacturing sector worldwide. South Africa is the only country in the world where fitting microdot identification to vehicles is compulsory. This gives DDSA the advantage of enjoying existing commercial relationships with a very wide cross-section of OEM automotive companies. DDSA is well placed to leverage this advantage in the pursuit of new customers in the world-wide OEM market now that they are free of the geographic constraints of their previous territory agreements.

We expect our direct automotive sales channels, principally Subaru in Australia and DataDot Dealer Services in the US to remain relatively constant throughout FY 2023.

Our non-automotive micro-dot sales, which are sold through our U.K. subsidiary to a variety of re-sellers in the U.K. and Europe saw a decline of \$384k in the period compared to FY 2021. This was primarily the result of a long-term customer ceasing their micro-dot security program in the first half of FY 2022. However, based on securing a new volume customer and expected increases in forward orders from existing customers, it is expected that this shortfall will be recovered over FY 2023.

Throughout FY 2022, the Company continued to pursue new bespoke consumer and industrial product applications for its Trace product; including those where negotiations and testing with potential customers commenced in the previous year. While remaining promising, most of these individual applications require significant work with the potential clients to prove out their in-house processes, engineering requirements and testing regimes before they will commit to a supply contract.

As previously advised, sales to these clients remains dependent on their commencement date and the client's eventual success in their own market spheres, however there is reason to be optimistic that some of these supply contracts will come to fruition in FY 2023.

Work has continued throughout the period to facilitate revenue generation via our partnership with PropertyVAULT. With the recent appointment of an experienced sales representative, we are focusing on an accelerated roll-out of PropertyVAULT's business model going forward. This includes replicating the BikeVAULT model with adaptations to suit multiple property categories through bespoke identification kits and related security products (the bundled DataDot-VAULT products) via direct on-line sales, wholesaler or manufacturing agreements and retail offerings.

The Board has been aware for some time of the need of the Group to diversify its revenue base and to reduce its reliance upon the automotive industry. Over the past few years, the Board has been focused upon restructuring the Group's operations to return the business to achieving consistent ongoing profitability and building its cash reserves. The task of restructuring the business has largely now been completed. As a consequence, in FY2023 the Board intends to begin executing its strategy to broadening its revenue base by seeking to pursue sales of its traditional products into different asset classes outside of the automotive industry as well as seek new revenue streams through the provision of complimentary services.



This includes pursuing commercial arrangements with specialty insurers to incorporate insurance related incentives into our product offerings, including seeking to generate significantly greater advertising and referral revenue streams. For the higher valued classes of insured property such as marine, caravans, plant and equipment and specialty vehicles, we will be seeking to establish more formal arrangements for the recovery of stolen insured property and related salvage service charges.

Notwithstanding the external challenges that have emerged since the start of the year and the normal caveats associated with developing and securing new and prospective revenue opportunities, the Board is committed to pursuing all potential strategic opportunities to grow value for all shareholders and remains optimistic regarding the future growth of the Company and its prospects for greater revenue generation.

**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 2022.

In addition, the war in Ukraine has resulted in a significant disruption to the Group's European customer base and its continuing impact on the Group's FY 2023 performance have been outlined above.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs.

**Environmental regulation**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Mr Gordon Ogborne**

*CFO – appointed 1 June 2022*

*Company Secretary – appointed 19 July 2022*

*COO – appointed 20 July 2022*

Gordon has over 25 years of experience in accounting, business management and governance roles. He joined DataDot in June 2022 as Group CFO and was appointed as COO and Company Secretary in July 2022. Prior to joining DataDot, he was CFO / COO for Bioaction Pty Limited, CFO for SAF Foods Australia Pty Limited, Executive Manager for Finance, Administration and ITC and Company Secretary of the Flow Systems Group (now Altogether Group) and CFO for ANZ Region for Stratus Computers. During 2004-2012, Gordon was partner in an accounting practice Thomas GLC specialising in compliance and business services and audit.

**Directors' interests**

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

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

**Share Rights**

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

Grant date	Date of expiry	Number unvested
Nil	Nil	Nil

**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.

**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 2022 and the number of meetings attended by each of the directors were:

Director	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	6	6	-	-	2	2
Brad Kellas	6	6	-	-	2	2
David Lloyd	6	6	-	-	2	2

**Indemnity and insurance of officers and auditors**

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

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

**Proceedings on behalf of the Company**

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

**Non-audit services**

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

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2022 is set out on page 20 of the financial report.

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

### Remuneration Report (Audited)

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

### Key management personnel

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

#### Directors

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

#### Executives

Patrick Raper	CFO & Company Secretary	Ceased 22 December 2021
David MacKenzie	CFO & Company Secretary	Appointed 22 December 2021
Gordon Ogborne	CFO	Appointed 8 June 2022

### Shares and Share Rights and Share Options Held

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

#### Shares

	Balance as at 30/6/2021	Additions	Disposals and Cancellations	Balance as at 30/6/2022
<b>Directors</b>				
Raymond Carroll	-	-	-	-
Brad Kellas	214,995,076	-	-	214,995,076
David Lloyd	14,912,116	-	-	14,912,116
<b>Executives</b>				
Patrick Raper	1,066,667	2,000,000	-	3,066,667
David MacKenzie	-	-	-	-
Gordon Ogborne	-	-	-	-
<b>Total Shares</b>	<b>230,973,859</b>	<b>2,000,000</b>	<b>-</b>	<b>232,973,859</b>

#### Share Rights

	Balance as at 30/6/2021	Additions	Taken-up, Disposals and Cancellations	Balance as at 30/6/2022
<b>Directors</b>	-	-	-	-
<b>Executive - Patrick Raper</b>	2,000,000	-	(2,000,000)	-

#### Share Options

	Balance as at 30/6/2021	Additions	Disposals or Cancellations	Balance as at 30/6/2022
<b>Directors and Executives</b>	-	-	-	-

**Remuneration Report (Audited) (continued)*****Remuneration policy***

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

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

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

The Committee did not obtain a remuneration recommendation or other advice from a remuneration consultant in FY 2022.

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

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

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

**Remuneration Report (Audited) (continued)*****Remuneration policy (continued)***

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 was paid \$200,913 plus SGL during FY 2022.

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

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

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

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

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	5,344.0	4,867.2	3,279.6	3,774.6	3,896.1	3,561.2
EBITDA	(835.7)	(422.3)	(1,757.3)	309.4	1,452.9	1,045.8
Net Profit / (Loss) after tax *	(1,379.5)	(3,119.9)	(2,301.3)	29.2	1,235.0	829.2*
Basic earnings per share (in cents) *	(0.43)	(0.40)	(0.30)	0.003	0.099	0.067*
Share price at year end (in cents)	2.00	0.50	0.70	0.40	0.60	0.70

\* For a more accurate comparison with prior year results, the value of the Deferred tax assets relating to unused tax losses of \$5,701,507 brought to account in FY 2022 has been excluded.

***Performance based remuneration***

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

No STI or LTI programme for KMP's has been implemented pending the return to sustainable profitability of the Company. Any STI or LTI programme when implemented with shareholder approval, may include performance shares, share options or share rights. No performance shares or share rights or share options are currently on issue to non-executive directors. The grant of



**Remuneration Report (Audited) (continued)**

director performance shares, or share rights or options would be consistent with the Company's long-term incentive remuneration policy, providing Directors with the opportunity to participate in the future growth of the Company through share ownership.

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

**Share Rights**

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

Number of **share rights** provided as remuneration in the years ended 30 June 2021 and 30 June 2022:

	Balance as at 30/6/2021	Granted as Remuneration	Vesting of Share Rights	Expiring or Lapsing Share Rights	Balance as at 30/6/2022
<b>Directors</b>	-	-	-	-	-
<b>Executives</b>					
Patrick Raper	2,000,000	-	2,000,000	-	-
	<b>2,000,000</b>	-	<b>2,000,000</b>	-	-

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

**Share Options**

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

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

	Ordinary Shares	Ordinary Shares / Loan Scheme	Options	Share Rights
Directors	229,907,192	-	-	-
KMPs	-	-	-	-
Other Executives	-	-	-	-

## Remuneration Report (Audited) (continued)

**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.

2022	Short-term benefits		Post-employment benefits		Long-term benefits		Share-based payments	Total \$
	Cash, Salary, & fees \$	STI \$	Non cash \$	Super-annuation \$	Termination \$	Long service leave \$	Share Options \$	
<b>Directors</b>								
R Carroll	60,000	-	-	6,000	-	-	-	66,000
B Kellas	200,913	-	28,827	20,091	-	-	-	249,831
D Lloyd	25,000	-	-	2,500	-	-	-	27,500
<b>Executives</b>								
P Raper	52,219	-	-	4,064	-	-	-	56,283
D MacKenzie	52,038	-	-	5,204	-	-	-	57,242
G Ogborne	5,192	-	-	519	-	-	-	5,711
	395,362	-	28,827	38,379	-	-	-	462,567

2021	Short-term benefits		Post-employment benefits		Long-term benefits		Share-based payments	Total \$
	Cash, Salary, & fees \$	STI \$	Non cash \$	Super-annuation \$	Termination \$	Long service leave \$	Share Options \$	
<b>Directors</b>								
R Carroll	60,000	-	-	5,700	-	-	-	65,700
B Kellas	216,355	-	-	4,775	-	-	-	221,110
D Lloyd	25,000	-	-	2,375	-	-	-	27,375
<b>Executives</b>								
P Raper	114,085	-	-	12,833	-	-	-	124,918
	415,419	-	-	23,684	-	-	-	439,103

## Remuneration Report (Audited) (continued)

		2021 Performance based remuneration		2022 Performance based remuneration	
		Bonus STI %	Share rights / Options LTI %	Bonus STI %	Share rights / Options LTI %
<b>Directors</b>	Ray Carroll	0.0%	0.0%	0.0%	0.0%
	Brad Kellas	0.0%	0.0%	0.0%	0.0%
	David Lloyd	0.0%	0.0%	0.0%	0.0%
<b>Executives</b>	Patrick Raper	0.0%	0.0%	0.0%	0.0%
	David MacKenzie			0.0%	0.0%
	Gordon Ogborne			0.0%	0.0%

**KMP**

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

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

Mr Raper commenced FY 2022 as the CFO and Company Secretary on a part time basis.

His annualised remuneration package based on full time employment is \$200,000 including Superannuation. Hours required to complete the roles vary from month to month. Mr Raper retired from his CFO and Company Secretary roles in December 2021.

There is no contracted STI or LTI in place. 2,000,000 Share Rights which were approved for vesting at the discretion of the Board during FY 2021 were exercised by Mr Raper on 25 August 2021.

*David MacKenzie*

Mr MacKenzie commenced as the CFO and Company Secretary on a part time basis on 22 December 2021. His annualised remuneration package based on full time employment was \$150,000 excluding Superannuation. Hours required to complete the roles varied from month to month.

On 16 May 2021 Mr MacKenzie gave three (3) months' notice as required under his contract of his intention to resign from his roles with the company. Mr MacKenzie formally resigned from the position of company secretary on 19 July 2022.

*Gordon Ogborne*

Mr Ogborne commenced as the CFO on a part time basis on 8 June 2022. His annualised remuneration package based on full-time employment was \$150,000 excluding Superannuation. Hours required to complete the roles varied from month to month.

On 19 July 2022 Mr Ogborne was formerly appointed as company secretary on 19 July 2022.

On 20 July 2022 Mr Ogborne was appointed as joint CFO/COO on a full-time basis with the remuneration package remaining the same on a full-time basis.

**Remuneration Report (Audited) (continued)**

***Executive service contracts***

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

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

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

On behalf of the Directors

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

**Ray Carroll – Chairman**  
**25 August 2022**

25 August 2022

The Directors  
DataDot Technology Limited  
8 Ethel Avenue  
BROOKVALE NSW 2086

Dear Directors

**DataDot Technology Limited**

As lead auditor for the review of DataDot Technology Limited for the half-year ended 30 June 2022, 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 review; and
- b. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of DataDot Technology Limited and the entities it controlled during the period.

Yours sincerely

**AMW AUDIT**  
Chartered Accountants



**ANDREW HUNT**  
Principal



**Consolidated Financial Statements  
for the year ended 30 June 2022**

<b>Contents</b>	<b>Page</b>
Consolidated statement of profit or loss	23
Consolidated statement of comprehensive income	24
Consolidated statement of financial position	25
Consolidated statement of changes in equity	26
Consolidated statement of cash flows	27
Notes to the financial statements	28
Directors' declaration	48
Independent auditor's report	49

**Consolidated Statement of Profit or Loss**
**for the year ended 30 June 2022**

	Notes	2022 \$	2021 \$
<b>Revenue</b>			
Sale of goods		2,160,992	2,340,007
Service and licence fees		130,807	126,535
Royalties		<u>1,269,378</u>	<u>1,429,572</u>
		3,561,177	3,896,113
 Cost of sales		 <u>1,203,607</u>	 <u>1,412,128</u>
<b>Gross Profit</b>		<b><u>2,357,570</u></b>	<b><u>2,483,985</u></b>
 Other income	3	 <u>166,671</u>	 <u>305,392</u>
<b>Expenses</b>			
Administrative expenses	4	1,321,489	1,186,968
Marketing expenses		82,320	27,968
Occupancy expenses		69,010	78,237
Travel expenses		<u>5,638</u>	<u>1,471</u>
		1,478,457	1,294,644
 <b>EBITDA</b>		 <u><b>1,045,785</b></u>	 <u><b>1,494,733</b></u>
 Depreciation, Amortisation and Impairment		 202,246	 231,829
Finance costs		14,376	19,700
 <b>Profit before income tax expense</b>		 <u><b>829,163</b></u>	 <u><b>1,243,204</b></u>
 Income tax (benefit)/expense	5	 <u>(5,692,034)</u>	 <u>8,222</u>
<b>Profit after income tax (benefit)/expense for the year</b>		<u><b>6,521,197</b></u>	<u><b>1,234,982</b></u>
 <b>Profit for the year attributable to :</b>			
Owners of DataDot Technology Limited		6,521,197	1,234,982
Non controlling interest		-	-
		<u><b>6,521,197</b></u>	<u><b>1,234,982</b></u>
 Basic profit / (loss) per share (cents per share)	8	 <u><b>0.524</b></u>	 <u>0.099</u>
 Diluted profit / (loss) per share (cents per share)	8	 <u><b>0.524</b></u>	 <u>0.099</u>

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

**Consolidated Statement of Comprehensive Income**
**for the year ended 30 June 2022**

	<b>2022</b>	2021
	\$	\$
Profit after income tax expense for the year	<b>6,521,197</b>	1,234,982
Other comprehensive income		
Items that may be classified subsequently to profit or loss		
Exchange difference on translation of foreign operations	<u><b>(15,423)</b></u>	<u><b>(12,655)</b></u>
Total comprehensive income for the year, net of tax	<u><b>6,505,774</b></u>	<u><b>1,222,327</b></u>
Total comprehensive profit attributable to		
Owners of DataDot Technology Limited	<u><b>6,505,774</b></u>	<u><b>1,222,327</b></u>

*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 2022**

	Notes	2022 \$	Restated 2021 \$
<b>Current Assets</b>			
Cash and cash equivalents	9	3,179,549	2,328,358
Trade and other receivables	10	487,419	970,399
Inventories	11	392,226	208,259
Sundry Debtors		146,521	104,066
Total Current Assets		4,205,715	3,611,082
<b>Non-Current Assets</b>			
Deferred tax	5	5,701,507	-
Plant and equipment	12	426,543	388,326
Investments		2,948	2,948
Total Non-Current Assets		6,130,998	391,274
<b>Total Assets</b>		<b>10,336,713</b>	<b>4,002,356</b>
<b>Current Liabilities</b>			
Trade and other payables	13	428,154	409,210
Employee benefits	14	80,363	102,932
Provisions	15	7,105	7,105
Other current liabilities	16	123,202	192,882
Total Current Liabilities		638,823	712,129
<b>Non-Current Liabilities</b>			
Employee benefits	14	5,278	16,240
Other non-current liabilities	16	13,381	100,531
Total Non-Current Liabilities		18,659	116,771
<b>Total Liabilities</b>		<b>657,482</b>	<b>828,900</b>
<b>Net Assets</b>		<b>9,679,231</b>	<b>3,173,456</b>
<b>Equity</b>			
Issued capital	17	41,612,795	41,596,795
Accumulated losses		(32,312,892)	(38,155,467)
Reserves	18	379,328	(267,872)
Equity attributed to the owners of DataDot Technology Limited		9,679,231	3,173,456
Non-controlling interests		-	-
<b>Total Equity</b>		<b>9,679,231</b>	<b>3,173,456</b>

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

Note	Attributable to equity holders of the parent					
	Issued capital \$	Accumulated losses \$	Foreign currency translation reserve \$	Employee equity benefit reserve \$	Other reserve \$	Total equity \$
<b>Balance at 30 June 2020</b>	41,557,529	(37,640,898)	(1,729,743)	403,598	(678,623)	1,911,863
Impact of correction of prior period error		(1,749,551)	1,749,551			-
Balance at 1 July 2020 restated	41,557,529	(39,390,449)	19,807	403,598	(678,623)	1,911,863
Profit after income tax expense for the year	-	1,234,982	-	-	-	1,234,982
Other comprehensive income for the year, net of tax	-	-	(12,655)	-	-	(12,655)
Total comprehensive income for the year	-	1,234,982	(12,655)	-	-	1,222,327
Transactions with owners in their capacity as owners :						
Share issues	39,266	-	-	-	-	39,266
<b>Restated balance at 30 June 2021</b>	<b>41,596,795</b>	<b>(38,155,467)</b>	<b>7,153</b>	<b>403,598</b>	<b>(678,623)</b>	<b>3,173,456</b>
Profit after income tax expense for the year	-	6,521,197	-	-	-	6,521,197
Other comprehensive income for the year, net of tax	-	-	(15,423)	-	-	(15,423)
Total comprehensive income for the year	-	6,521,197	(15,423)	-	-	6,505,774
Transfer of Other Reserve to Accumulated Losses		(678,623)			678,623	-
Transactions with owners in their capacity as owners :						
Share issues	16,000	-	-	(16,000)	-	-
Share issue costs		-	-	-	-	-
<b>Balance at 30 June 2022</b>	<b>41,612,795</b>	<b>(32,312,892)</b>	<b>(8,270)</b>	<b>387,598</b>	<b>-</b>	<b>9,679,231</b>

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

**Consolidated Statement of Cash Flows**
**for the year ended 30 June 2022**

	Notes	2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		4,395,672	4,236,106
Payments to suppliers and employees (inclusive of GST)		(3,381,215)	(3,189,350)
Interest paid		(14,376)	(19,700)
Income tax paid		(9,473)	(8,222)
Receipt of government grants, JobKeeper & Cashflow Boost		115,941	335,387
Net cash received / (used) in operating activities	9	1,106,549	1,354,221
<b>Cash flows from investing activities</b>			
Interest received		529	567
Payments for plant and equipment		(242,209)	(14,729)
Net cash flows used in investing activities		(241,680)	(14,162)
<b>Cash flows from financing activities</b>			
Proceeds from share issue (net of share issue costs)		-	-
Repayment of borrowings		-	-
Net cash provided by financing activities		-	-
<b>Net increase in cash and cash equivalents</b>		864,869	1,340,059
Cash and cash equivalents at the beginning of the financial year		2,328,358	1,005,324
Effects of exchange rate changes on cash and cash equivalents		(13,678)	(17,025)
<b>Cash and cash equivalents at the end of the financial year</b>	9	3,179,549	2,328,358

*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 25 August 2022.

Comparatives are consistent with prior years.

### Basis of preparation

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

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

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

## 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

Three reportable segments have been identified as follows:

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

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

**DataDot-Vault® bundled offerings (DDV APPS)** – asset protection products and services, and databases that record the asset identification data and are accessible by law enforcement agencies and insurance investigators.

#### Accounting policies and intersegment transactions

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

**2 Segment Information (continued)**

The following tables present the revenue, profit / (loss) after tax, assets and liabilities information regarding operating segments for years ended 30 June 2022 and 30 June 2021.

<b>Segment performance</b> <b>Year ended 30 June 2022</b>	<b>DataDotDNA</b> \$	<b>DataTraceID</b> \$	<b>DDV APPS</b> \$	<b>eliminations</b> \$	<b>Total</b> \$
Revenue from external customers	3,174,466	245,223	141,488	-	3,561,177
Intersegment sales	14,379	1,271	-	(15,650)	-
Total revenue	3,188,845	246,494	141,488	(15,650)	3,561,177
Gross profit	2,163,423	196,591	(2,443)	-	2,357,570
EBITDA	1,017,043	63,208	(34,466)	-	1,045,785
Depreciation and amortisation	(170,569)	(15,045)	(16,633)	-	(202,246)
Intangibles Impairment	-	-	-	-	-
Finance costs	(14,376)	-	-	-	(14,376)
Profit / (Loss) before income tax	832,099	48,164	(51,100)	-	829,163
Income tax expense	(5,692,034)	-	-	-	(5,692,034)
Profit / (Loss) after income tax	6,524,133	48,164	(51,100)	-	6,521,197
Segment assets	13,827,917	337,915	196,314	(4,025,432)	10,336,713
Segment liabilities	1,584,002	24,655	-	(951,174)	657,482
<b>Segment performance</b> <b>Year ended 30 June 2021</b>	<b>DataDotDNA</b> \$	<b>DataTraceID</b> \$	<b>DDV APPS</b> \$	<b>eliminations</b> \$	<b>Total</b> \$
Revenue from external customers	3,632,131	263,982	-	-	3,896,113
Intersegment sales	38,419	155	-	(38,574)	-
Total revenue	3,670,550	264,138	-	(38,574)	3,896,113
Gross profit	2,341,438	142,547	-	-	2,483,985
Restructuring expenses	-	-	-	-	-
EBITDA	1,511,120	(50,043)	-	-	1,461,077
Depreciation and amortisation	(194,588)	(3,584)	-	-	(198,172)
Finance revenue	-	-	-	-	-
Intangibles Impairment	(19,700)	-	-	-	(19,700)
Finance costs	-	-	-	-	-
Loss before income tax	1,296,832	(53,627)	-	-	1,243,204
Income tax expense	(8,222)	-	-	-	(8,222)
Loss after income tax	1,288,609	(53,627)	-	-	1,234,982
Segment assets	7,889,070	121,787	-	(4,008,500)	4,002,357
Segment liabilities	1,807,349	27,324	-	(1,005,773)	828,900

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

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

**Major customers**

DataDot has a number of customers to which it provides both products and services. In Australasia, one customer accounts for 8% of total revenue (2021 : 7%), in Europe one customer accounts for 27% of total revenue (2021 : 30%) while a second customer accounts for 8% of total revenue (2021: 3%), in the Americas one customer accounts for 12% of total revenue (2021 : 12%) and in DataTraceID one customer accounts for 3% total revenue (2021 : 3%).

**Disaggregation of revenue**

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

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

<b>Consolidated - 2022</b>	DataDotDNA \$	DataTraceID \$	DDV APPS \$	Total \$
<b>Geographical regions</b>				
Asia	118,152	30,774	-	148,925
Americas	412,384	-	-	412,384
Africa	406,890	9,656	-	416,546
Australia	311,239	2,568	141,488	455,294
Europe	1,925,802	202,225	-	2,128,027
	<u>3,174,466</u>	<u>245,223</u>	<u>141,488</u>	<u>3,561,177</u>

*Timing of revenue recognition*

Point in time	3,174,466	121,071	141,488	3,437,025
Over time	-	124,152	-	124,152
	<u>3,174,466</u>	<u>245,223</u>	<u>141,488</u>	<u>3,561,177</u>

<b>Consolidated - 2021</b>	DataDotDNA \$	DataTraceID \$	DDV APPS \$	Total \$
<b>Geographical regions</b>				
Asia	122,599	54,358	-	176,956
Americas	434,964	3,279	-	438,244
Africa	259,344	9,656	-	269,000
Australia	456,700	17,384	-	474,084
Europe	2,357,918	179,911	-	2,537,830
	<u>3,631,525</u>	<u>264,589</u>	<u>-</u>	<u>3,896,113</u>

*Timing of revenue recognition*

Point in time	3,631,525	140,437	-	3,771,961
Over time	-	124,152	-	124,152
	<u>3,631,525</u>	<u>264,589</u>	<u>-</u>	<u>3,896,113</u>

3	Other Income	2022	2021
		\$	\$
	Interest revenue	529	567
	Government grants: Research and development grants *	158,645	172,049
	Cash Boost and Job Keeper assistance - Australia and UK	-	132,775
	Sundry income	7,498	-
		<b>166,671</b>	<b>305,392</b>

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

#### Accounting treatment

##### Research and development grant

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

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

4	Expenses	2022	2021
		\$	\$
	The consolidated statement of profit and loss includes the following specific expenses:		
	<i>Cost of sales</i>		
	Inventory	478,759	432,510
	Stock obsolescence	(21,475)	90,469
	<i>Administration expenses</i>		
	Net loss / (gain) on foreign currency	(24,557)	6,269
	Employee benefits expenses	750,689	704,082
	Employee share based payment expenses	-	-
	Superannuation expenses	68,647	46,349
	Research & development expenses	15,906	9,238
	Bad debt expense	(233)	(67,131)
	Administrative expenses	511,037	488,162
		<b>1,321,489</b>	<b>1,186,968</b>
	<i>Occupancy expenses</i>		
	Minimum lease payments	-	3,735

5	Income Tax	2022	2021
		\$	\$
	<b>(a) Major components of tax expenses</b>		
	Current income tax expense	-	-
	Deferred Income Tax	(5,701,507)	-
	Withholding tax	9,473	8,222
	Income tax expense	<b>(5,692,034)</b>	<b>8,222</b>
	<b>(b) The prima facie tax on loss before income tax is reconciled to the income tax expense as follows :</b>		
	Profit / (Loss) before income tax expense	829,163	1,243,204
	Net profit / (loss) before income tax expense at the statutory income tax rate of 25% (2021 26%)	207,291	323,233
	Foreign tax rate adjustment	(5,465)	(19,491)
	Income not subject to tax	(39,661)	(79,254)
	Research and development expenditure added back	68,976	77,796
	Expenditure not allowable	1,621	9,096
	Other timing differences	(16,758)	9,462
	Tax losses and tax offsets not recognised as deferred tax assets	(216,003)	(320,842)
	Deferred Income Tax	(5,701,507)	-
	Withholding tax	9,473	8,222
	Aggregate income tax expense	<b>(5,692,034)</b>	<b>1,251,427</b>
	<b>(c) Recognised deferred tax assets and liabilities</b>		
	Opening balance	-	-
	Deferred tax asset credited to income	5,693,396	-
	Tax losses used by Australian Group	(111,410)	-
	Temporary difference brought into account (Australian Group)	119,521	-
	Closing balance	<b>5,701,507</b>	<b>-</b>

**5 Income Tax (continued)****Deferred tax assets and liabilities**

Deferred income tax at 30 June relates to the following :

*Deferred tax liabilities*

Development costs	-	-
Patents & Trademarks	-	-
Gross deferred tax liabilities	-	-
Set-off of deferred tax assets	-	-
Net deferred tax liabilities	-	-

*Deferred tax assets*

Carried Forward Losses	5,581,986	-
Foreign currency balances	-	-
Provisions	20,091	26,762
Accruals	25,008	305,560
Equity raising costs	1,231	1,558
Doubtful debts and obsolescence	45,182	128,750
Other timing differences	28,010	44,067
Gross deferred tax assets	5,701,507	506,698
Net deferred tax assets brought to account	(5,701,507)	-
Net deferred tax assets not brought to account	-	506,698

**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 Limited, DataDot Technology (Australia) Limited and DataTraceID Pty 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.

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

*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 AMW (Audit) Pty Limited (2021: Audit Only)

*Amounts paid or payable for audit services by AMW (Audit) Pty Limited (2021: Audit Only):*

An audit or review of the financial statements	2022 \$	2021 \$
	75,000	75,000
	75,000	75,000



**7 Dividends**

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

**8 Earnings Per Share**

	2022	2021
	\$	\$
Basic earnings / (loss) per share (cents per share)	0.524	0.099
Diluted earnings / (loss) per share (cents per share)	0.524	0.099
Net profit / (loss) after income tax expense used in calculating profit / (loss) per share	6,521,197	1,234,982
Weighted average number of shares :	No	No
Weighted average number of shares used in calculating basic and diluted earnings per share	1,243,562,617	1,249,508,652
Adjustments for calculation of diluted earnings per share	-	2,000,000
Adjusted weighted average number of shares	1,243,562,617	1,251,508,652

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*

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

2022	2021
\$	\$
3,179,549	2,328,358
3,179,549	2,328,358

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

Profit / (Loss) after income tax expense for the year	6,521,197	1,234,982
Add/(less) items classified as investing/financing activities:		
Interest received	(529)	(567)
Increase / Decrease in Shares Issued	-	-
Add/(less) non-cash items:		
Depreciation, amortisation and impairment	202,247	203,516
Disposal of plant and equipment	-	43,742
Revaluation of financial liability	-	-
Share based payments	-	39,267
Impairment for doubtful accounts	-	-

*Changes in assets and liabilities :*

(Increase)/ Decrease in trade and other receivables	482,980	(77,907)
(Increase) / Decrease in deferred tax	(5,701,507)	-
(Increase) / Decrease in inventories	(183,968)	53,769
(Increase) / Decrease in grant receivable	(42,454)	110,328
Increase / (Decrease) in trade and other payables	18,944	(37,770)
Increase / (Decrease) in current tax liabilities	1,250	(1,745)
Increase / (Decrease) in other liabilities	(158,080)	(243,670)
Increase / (Decrease) in employee benefits	(33,531)	30,276

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

1,106,549	1,354,221
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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**

	2022	2021
	\$	\$
Trade receivables	544,531	940,492
Provision for impairment	(170,807)	(176,901)
	<u>373,724</u>	<u>763,591</u>
Prepayments	113,695	206,808
Other receivables	-	-
	<u>487,419</u>	<u>970,399</u>

**Impairment of receivables**

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2022 is determined as follows, the expected credit losses incorporate forward looking information

30 June 2022	Current	< 30 days overdue	< 60 days overdue	< 90 days overdue	> 90 days overdue	Total
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	93.67%	31.37%
Gross carrying amount (\$)	202,188	138,073	16,615	5,297	182,357	544,531
ECL provision	-	-	-	-	170,807	170,807

30 June 2021	Current	< 30 days overdue	< 60 days overdue	< 90 days overdue	> 90 days overdue	Total
Expected loss rate (%)	0.01%	0.00%	0.00%	0.00%	99.90%	18.81%
Gross carrying amount (\$)	383,883	339,144	40,383	-	177,082	940,492
ECL provision	39	6	-	-	176,901	176,946

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

	2022	2021
	\$	\$
Balance at beginning of the year (calculated in accordance with AASB 139)	176,901	247,354
Amount restated through opening retained earnings on adoption of AASB 9	-	-
Opening impairment allowance calculated under AASB 9	<u>176,901</u>	<u>247,354</u>
Additional impairment loss recognised	-	-
Amounts written off as uncollectible	-	-
Movement through provision	(6,094)	(70,453)
Balance at end of the year	<u>170,807</u>	<u>176,901</u>

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

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

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

**11 Inventories**

	2022	2021
	\$	\$
Raw materials	199,657	208,259
Finished goods	191,235	-
Goods in transit	1,335	-
	<u>392,226</u>	<u>208,259</u>

**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**

	2022	2021
	\$	\$
Plant and equipment - at cost	2,036,731	1,799,900
Accumulated depreciation	(1,712,194)	(1,681,631)
Total owned plant and equipment	324,537	118,269
Plant and equipment under lease	202,982	204,119
Accumulated depreciation	(180,051)	(155,245)
Total plant and equipment under lease	22,931	48,875
Leasehold improvements - at cost	448,035	452,312
Accumulated depreciation	(368,960)	(231,130)
Total leasehold improvements	79,075	221,182
	426,543	388,326

*Movements in carrying amounts*

	Owned Plant and Equipment	Plant and Equipment under lease	Leasehold Improvements	Totals
	\$	\$	\$	\$
Balance as at 1 July 2020	175,393	73,533	367,562	616,487
Additions	14,729	-	-	14,729
Disposals	(39,125)	-	(4,617)	(43,742)
Depreciation expense for the year	(34,007)	(25,394)	(144,115)	(203,516)
Exchange adjustments	1,279	736	2,353	4,368
Balance at 30 June 2021	118,269	48,875	221,182	388,326
Additions	242,209	-	-	242,209
Disposals	-	-	-	-
Depreciation expense for the year	(35,278)	(25,385)	(140,996)	(201,659)
Exchange adjustments	(663)	(559)	(1,111)	(2,332)
Balance at 30 June 2022	324,537	22,931	79,075	426,543

**Accounting treatment**

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

*Depreciation*

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

*Derecognition*

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

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

**13 Trade and Other Payables**

	2022	2021
	\$	\$
Trade payables	256,266	183,275
Sundry creditors and accruals	171,888	225,935
	428,154	409,210

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

**Accounting treatment**

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

The financial liabilities of the Group comprise trade payables.

*Goods and services tax (GST)*

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

Receivables and payables are stated inclusive of GST.

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

<b>14 Employee Benefits</b>	<b>2022</b>	<b>2021</b>
<b>Current</b>	<b>\$</b>	<b>\$</b>
Employee benefits	80,363	102,932
<b>Non Current</b>		
Employee benefits	5,278	16,240
<i>Employee benefits</i>		
Aggregate employee benefits provision :-		
Balance at beginning of the year	96,942	88,896
Additional provisions	70,499	50,718
Amount used	(81,801)	(42,672)
Balance at end of the year	85,640	96,942

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

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

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

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

*(i) Wages, salaries and annual leave*

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

*(ii) Long service leave*

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

<b>15 Provisions</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Other provisions	7,105	7,105
	<b>7,105</b>	<b>7,105</b>

*Other provisions*

A provision of \$7,105 (2021 : \$7,105) estimating potential amounts payable under an agreement with an Australian motor vehicle distributor where DataDot has agreed to remit the theft excess (to a maximum of \$800) payable by automobile owners in the event that vehicles are stolen and remain unrecovered (subject to conditions) is included in Other Provisions.

**Accounting treatment**

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

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

<b>16 Other Liabilities</b>	<b>2022</b>	<b>2021</b>
<b>Current</b>	<b>\$</b>	<b>\$</b>
Deferred income	21,247	8,895
Revenue received in advance	16,837	19,120
Other Current Liabilities	85,118	164,866
	<b>123,202</b>	<b>192,882</b>
<b>Non-Current</b>		
Other liabilities	-	20
Property and Equipment Leases	13,381	100,511
	<b>13,381</b>	<b>100,531</b>

17	Issued capital	2022 No	2022 \$	2021 No	2021 \$
	Issued capital at beginning of financial period	1,241,869,466	41,596,795	1,260,709,351	41,557,529
	Less Shares Cancelled during the year:	-	-	(24,189,618)	-
	Shares issued or under issue during the year :				
	Share placement	2,000,000	16,000	5,349,733	39,266
	Shares under the Rights Issue	-	-	-	-
	Share issue costs	-	-	-	-
	Vested share rights issued during the year under the ESRP	-	-	-	-
	Issued capital at the end of the financial period	1,243,869,466	41,612,795	1,241,869,466	41,596,795

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

#### Ordinary shares

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

#### Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. The capital risk management policy remains unchanged from 30 June 2021 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.

18	Reserves	2022 \$	2021 Restated \$
	Foreign currency translation reserve	(8,270)	7,153

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. This balance has been adjusted as set out in Note 29.

#### Employee equity benefits reserve

Balance at beginning of financial year	403,598	403,598
Movement in share-based payments	(16,000)	-
Employee equity benefits reserve	387,598	403,598

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

#### Other Reserves

Balance at beginning of financial year	(678,623)	(678,623)
Transfer to Accumulated Losses	678,623	-
	-	(678,623)

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 has been reallocated to accumulated losses in a reserve simplification process during the year.

<b>Total Reserves</b>	<b>379,328</b>	<b>(267,872)</b>
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19	Commitments	2022 \$	2021 \$
	<b>Operating lease commitments</b>		
	Committed at the reporting date and recognised as liabilities, payable:		
	Within one year	86,850	163,121
	One to five years	11,991	100,511
		98,841	263,633

Refer to note 27 for information on leases for 2022.

#### 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	119,500	102,228

**20 Contingent Liabilities****Guarantees**

DataDot has issued bank guarantees of \$34,375 (2021: \$34,375). No liability was recognised by DataDot in relation to the bank guarantee as the fair value of the guarantee is immaterial.

**Theft deterrent system rebate contingencies**

Under an agreement with an Australian motor vehicle distributor, DataDot has agreed to remit the theft excess (to a maximum of \$800) payable by automobile owners in the event that vehicles are stolen and remain unrecovered (subject to certain conditions). A provision has been made (refer Note 15 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.

**21 Subsidiaries and Associated Entities**

Principal place of business /  
Country of Incorporation

Ownership interest %  
**2022** 2021

*Ultimate parent entity*

DataDot Technology Limited

Australia

*Wholly-owned subsidiaries*

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

*Associated entities*

Brandlok Brand Protection Solutions Pty Limited

Australia

**20**

20

**22 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:

	<b>2022</b>	2021
<i>Remuneration of key management personnel :</i>	\$	\$
Short term employee benefits	<b>395,363</b>	415,419
Post employment benefits	<b>38,379</b>	23,684
	<b>433,742</b>	439,103

**23 Related Party Transactions***Parent entity*

DataDot Technology Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in Note 21.

*Associated entities*

Nil

*Key management personnel*

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

Other transactions during the year are:

	<b>2022</b>	2021
Interest Paid by the company on Convertible Notes	-	-
Rent received on premises leased by the group	-	25,886
Reimbursement of expenses incurred in the normal course of business	<b>51,707</b>	143,456
Payment by the Group of Vault Licence Fees	<b>26,723</b>	37,277

Amounts owing from / (to) Directors and Director Related entities at balance date: (since received)

**11,396**

4,097

Amounts owing to Property Vault International Pty Ltd (since paid)

-

10

**24 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.

*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.

**24 Financial Risk Management (continued)**

<b>Consolidated entity 30 June 2022</b>	<b>Within 1 Year</b>
	<b>\$</b>
<b>Financial Assets</b>	
Cash and cash equivalents	3,179,549
Trade and other receivables	373,724
Grant and term deposit interest receivables	146,521
	<u>3,699,793</u>
<b>Financial Liabilities</b>	
Trade and other payables	<u>428,154</u>
<b>Net maturity</b>	<u>3,271,639</u>
<b>Consolidated entity 30 June 2021</b>	<b>Within 1 Year</b>
	<b>\$</b>
<b>Financial Assets</b>	
Cash and cash equivalents	2,328,358
Trade and other receivables	763,591
Grant receivable	104,067
	<u>3,196,016</u>
<b>Financial Liabilities</b>	
Trade and other payables	<u>409,210</u>
<b>Net maturity</b>	<u>2,786,806</u>

*Remaining contractual maturities*

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

	average	1 year or less	years	contractual
	%	\$	\$	\$
<b>Consolidated - 2022</b>				
<b>Non-derivatives</b>				
<i>Non-interest bearing</i>				
Trade and other payables	-	428,154	-	428,154
<i>Interest-bearing - fixed rate</i>				
Convertible notes payable		-	-	-
Total non-derivatives		<u>428,154</u>	<u>-</u>	<u>428,154</u>
<b>Consolidated - 2021</b>				
<b>Non-derivatives</b>				
<i>Non-interest bearing</i>				
Trade and other payables	-	409,210	-	409,210
<i>Interest-bearing - fixed rate</i>				
Convertible notes payable		-	-	-
Total non-derivatives		<u>409,210</u>	<u>-</u>	<u>409,210</u>

*Fair value of financial instruments*

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



<b>26 Option and Share Based Payments</b>	<b>2022</b>	<b>2021</b>
Expenses arising from share based payments to Key Management Personnel :	\$	\$
	-	-
	-	-
<b>Total expense arising from options and share based payments during the period</b>	<b>-</b>	<b>-</b>

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	<b>2022</b>	<b>2022</b>	2021	2021
	No	Avg issue \$	No	Avg issue \$
Balance at the beginning of the period	<b>2,000,000</b>	<b>0.0300</b>	2,000,000	0.0300
Rights granted	-	-	-	-
Shares issued	<b>(2,000,000)</b>	<b>0.0080</b>	-	-
Rights expired/cancelled	-	-	-	-
Balance at the end of the period	<b>-</b>	<b>-</b>	<b>2,000,000</b>	<b>-</b>

2,000,000 Share Rights which were approved for vesting at the discretion of the Board during FY 2021 were exercised by Mr Raper and were converted into fully paid Ordinary Shares on 25 August 2021.

Movements in share options for the financial year	<b>2022</b>	<b>2022</b>	2021	2021
	No	Avg issue \$	No	Avg issue \$
Balance at the beginning of the period	-	-	-	-
Options issued	-	-	-	-
Options expired	-	-	-	-
Balance at the end of the period	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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.

2,000,000 Share Rights issued to former CFO Patrick Raper, outstanding at the end of last financial year, and which had been approved by the Board for vesting, were exercised on 25 August 2021.

No options were issued in FY21 and FY22 and all Options previously issued have now expired.

#### Accounting treatment

##### Share based payment transactions - when applicable

###### Equity settled transactions:

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

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

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

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

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

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

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

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

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

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

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

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had expired on the date of cancellation. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see Note 8).

## 27 Leases

### Company as a lessee

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

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

#### *Terms and conditions of leases*

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

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

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

Right-of-use assets	Buildings \$	Plant and Equipment \$	Total \$
<b>Year ended 30 June 2022</b>			
Additions/(Adjustments) to right-of-use assets	(9,234)	-	(9,234)
Amortisation charge	366,753	26,772	393,526
<b>Balance at end of year</b>	<b>357,520</b>	<b>26,772</b>	<b>384,292</b>

### Lease liabilities

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

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement Of Financial Position
<b>2022</b>	\$	\$	\$	\$	\$
Lease liabilities	39,760	12,164	-	51,925	104,756

**Extension options**

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

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

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

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

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

	2022
	\$
Interest expense on lease liabilities	13,774
Expenses relating to leases of low-value assets	-
Amortisation of right-of-use assets	150,951
	<u>164,725</u>
<b>Statement of Cash Flows</b>	
Total cash outflow for leases	<u>178,118</u>

**Accounting treatment****For current year**

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

This involves an assessment of whether:

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

**Lessee Accounting**

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

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

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

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

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

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

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

**Exceptions to lease accounting**

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

**28 Parent Entity Information**

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

**Statement of financial position**

	2022	2021
	\$	\$
Current assets	3,122,664	3,224,230
Non-current assets	6,432,491	5,809,723
Total assets	9,555,155	9,033,953
Current liabilities	327,447	336,962
Non-current liabilities	4,123,632	4,626,702
Total liabilities	4,451,079	4,963,664
<b>Equity</b>		
Issued capital	41,612,795	41,596,795
Accumulated losses	(37,720,625)	(38,754,412)
Reserves	1,211,906	1,227,906
Total equity	5,104,076	4,070,289
<b>Statement of profit or loss and other comprehensive income</b>		
Profit / (Loss) after income tax	1,033,787	1,299,817
Total comprehensive income	1,033,787	1,299,817

**Parent Entity Commitments and Guarantees**

DataDot has issued a bank guarantee of \$34,375 (2021: \$34,375). No liability was recognised by DataDot in relation to the bank guarantee as the fair value of the guarantee is immaterial.

**Remuneration commitments**

	2022	2021
	\$	\$
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	119,500	102,228

**Contingent liabilities**

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

**Capital commitments**

The parent entity had no capital commitments for plant and equipment as at 30 June 2022 and 30 June 2021.

**Significant accounting policies**

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

**29 Prior Period Error**

During the financial year ended 30 June 2022 the Group discovered that the foreign exchange impact on the inter-company loans to DataDot Technology USA Inc had not been written-down and the net balance taken up against retained earnings when those inter-company loans were written-off during the financial year ended 30 June 2020. The error has been corrected by writing off the value of foreign currency translation reserve of \$1,749,551 in relation to inter-company loans, thereby increasing the opening balance of the foreign currency translation reserve at 1 July 2020 from (\$1,729,743) to \$19,807, and allocating this amount to the opening accumulated losses, increasing the opening balance of accumulated losses at 1 July 2020 from \$37,640,898 to \$39,390,449.

There is no impact on the Group's basic or diluted earnings per share, and no impact on the total operating, investing or financing cash flows for the years ended 30 June 2020, 2021 and 2022.

**30 Events after the reporting period**

No matter or circumstance has arisen since 30 June 2022 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 28.

**(b) Principles of consolidation**

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

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

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

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

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

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

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

**31 Summary of other significant accounting policies (continued)****(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.

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

**Determining the transaction price**

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

**Allocation of amounts to performance obligations**

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

**(i) Sale of goods**

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

**(ii) Rendering of services**

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

**(iii) Royalties**

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

**(iv) Licence fee**

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

**(v) Interest income**

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

**(e) Financial instruments**

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

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

*Financial Assets*

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

*Classification*

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

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

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

*Amortised cost*

Assets measured at amortised cost are financial assets where:

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

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

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

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

*Impairment of financial assets*

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

- financial assets measured at amortised cost; and

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

*Trade receivables*

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

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

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

*Other financial assets measured at amortised cost*

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

*Financial liabilities*

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

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

**(f) Adoption of new accounting standards**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

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

*Impairment of non-financial assets*

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

*Capitalised development costs*

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

*Taxation*

DataDot's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, restoration costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of profit or loss.

*Share-based payment transactions*

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

*Estimation of useful lives of assets*

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

*Employee benefits provision*

As discussed in Note 14, 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 2022 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  
25 August 2022



# 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 2022, 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 2022 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

## Key audit matters

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

## Revenue Recognition

Key audit matter	How the matter was addressed in our audit
<p>Refer to Note 2 of the financial report and Note 31 for accounting policy.</p> <p>Revenue is a key driver to the Group for the year ended 30 June 2022 the Group recognised \$3,561,177 (2021: \$3,896,113).</p> <p>The Group's management focuses on revenue as a key driver by which the performance of the Group is measured.</p> <p>This is a key audit matter due to the differing revenue streams and total balance of the revenue.</p>	<p>Our audit procedures included, amongst others;</p> <ul style="list-style-type: none"><li>Assessing the Group's accounting policy for revenue to ensure it has been correctly formulated in accordance with the Australian Accounting Standards, with particular focus on the adoption of AASB 15;</li><li>Performing analytical procedures to understand movements and trends in revenue for comparisons against expectations;</li><li>Checking a sample of revenue transactions to evaluate whether they were appropriately recorded as revenue ensuring the amounts recorded agreed to supporting evidence; and</li><li>Performing cut-off testing to ensure that revenue transactions around year end have been recorded in the correct reporting period.</li></ul>

## Foreign Currency Translation Reserve

Key audit matter	How the matter was addressed in our audit
<p>As set out in Note 29, the Group reviewed the origins of the Foreign Currency Translation Reserve, due to the large balance that is recorded in the account, given the relatively minor balances now held in DataDot Technology (US) Inc.</p> <p>This is a key audit matter due to the size of the adjustment being recorded as a prior period error.</p>	<p>Our audit procedures included, amongst others;</p> <ul style="list-style-type: none"><li>Reviewing and investigating the origins of the Foreign Currency Translation Reserve (FCTR);</li><li>Assessment of the accounting surrounding the FCTR, including consideration of the relevant Australian Accounting Standards.</li><li>Assessment of the disclosure of the prior period error is appropriately disclosed in the financial statements in accordance with AASB 108 – Changes in Accounting Estimates and Errors.</li></ul>

## Deferred Tax Assets – Unused Tax Losses

Key audit matter	How the matter was addressed in our audit
<p>As set out in Note 5, the Group reviewed during the year the recognition requirements of AASB 112 – Income Taxes. The directors assessed that given the profits achieved since the change of the Board in May 2020, combined with the forecast of continuing earnings that the Group has now met the recognition criteria in relation to the unused tax losses related to the Australian segment of the Group. Accordingly, the result for the year includes a significant income tax benefit, reflecting the full recognition of the Australian unused tax losses.</p> <p>This is a key audit matter due to the size of the adjustment being recorded as a prior period error.</p>	<p>Our audit procedures included, amongst others;</p> <ul style="list-style-type: none"><li>• Reviewing tax provisions for the Australian segment of the Group;</li><li>• Assessment of the Group’s forecast earnings for the Australian segment of the Group;</li><li>• Consideration of AASB 112- Income Taxes and determining whether the relevant recognition criteria had been met; and</li><li>• Review of the disclosure relating to recognition of the deferred tax assets in relation to unused tax losses in the financial statements.</li></ul>

## Other information

The directors are responsible for the other information. The other information comprises the information contained in the Group’s Financial Report for the year ended 30 June 2022, but does not include the financial report and our auditor’s report thereon, which we obtained prior to the date of this auditor’s report, and the Annual Report, which is expected to be made available to us after that date.

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

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

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

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

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for

such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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

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

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

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

This description forms part of our auditor's report.

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

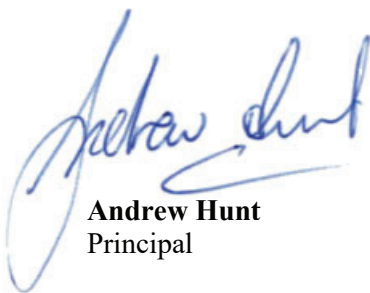
#### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 14 to 20 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Datadot Technology Limited, for the year ended 30 June 2022, 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

29 August 2022

## DataDot Technology Limited - ABN 54 091 908 726

### Shareholder Information

#### ASX Additional Information

Additional information required by the ASX Listing Rule 4.10 and not disclosed elsewhere in this report is set out below. This information is effective at 12 October 2022.

#### Corporate Governance Statement

The corporate governance statement is located on the Company's website at the following URL:

[http://www.datadotdna.com/au/investors/corporate\\_governance/](http://www.datadotdna.com/au/investors/corporate_governance/)

#### Statement of Issued Shares

The total number of shareholders is 2,373. There are 1,243,869,466 ordinary fully paid shares listed on the Australian Securities Exchange. The twenty largest shareholders hold 65.16% of issued capital.

#### Substantial shareholders

The number of substantial shareholders and their associates are set out below:

Shareholders	Number of shares
Brad Kellas	214,995,076
Appwam Pty Ltd	150,000,001
Patrx Holdings Pty Ltd	98,231,662

#### Voting rights

**Ordinary Shares** - 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.

#### On-Market Buyback

There is no current on-market buyback.

#### Distribution of equity security holders

Holding	Holders	Share Rights
1 - 1,000	87	0
1,001 - 5,000	184	0
5,001 - 10,000	181	0
10,001 - 100,000	1,246	0
100,001 and over	675	0
<b>Total</b>	<b>2,373</b>	<b>0</b>

The number of shareholders holding less than a marketable parcel of ordinary shares is 1,698.

#### Securities exchange

The Company is listed on the Australian Securities Exchange.

#### Unquoted equity securities

There are no unquoted Equity Securities

#### Voluntary escrow

There are no shares under escrow.

## Shareholder Information - continued

Twenty Largest Shareholders	Number Held	% of Issued Shares
MR BRADLEY CHARLES KELLAS	169,995,076	13.667%
APPWAM PTY LTD	150,000,001	12.059%
PATRIX HOLDINGS PTY LTD	98,231,662	7.897%
CITICORP NOMINEES PTY LIMITED	73,729,830	5.927%
DMX CAPITAL PARTNERS LTD	56,346,251	4.530%
HAMISH EDWARD ELLIOT BROWN	53,549,561	4.305%
KELLAS INVESTMENTS PTY LTD <KELLAS SF A/C>	45,000,000	3.618%
MR COLLIN HWANG	31,544,716	2.536%
MR NORMAN COLBURN MAYNE <N C MAYNE FAMILY FUND A/C>	16,000,000	1.286%
MR SANTO CARLINI & MRS ISABELLA CARLINI	16,000,000	1.286%
MR DAVID ROGER LLOYD	14,912,116	1.199%
NATIONAL NOMINEES LIMITED	13,510,583	1.086%
MR GERALD LEO BASHFORD	12,180,683	0.979%
HENTA PTY LTD <MCDONOGH FAMILY A/C>	12,000,000	0.965%
SI EQUITIES PTY LTD	11,093,299	0.892%
MR GEOFFREY GEORGE	8,634,398	0.694%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	8,314,763	0.668%
JAMES MCCALLUM	6,666,666	0.536%
DPM SUPER PTY LTD <D & P MCDONOGH S/F A/C>	6,500,000	0.523%
DAMNN INVESTMENTS PTY LTD	6,300,161	0.506%
<b>Total Securities of Top 20 Holdings</b>	<b>810,509,766</b>	<b>65.160%</b>
<b>Total of Securities</b>	<b>1,243,869,466</b>	

## **Corporate Information – 2022**

### **DataDot Technology Limited - ABN 54 091 908 726**

#### **Offices**

##### ***Australia & registered office:***

8 Ethel Ave, Brookvale, NSW, 2100, Australia

Phone: +61 2 8977 4900

Email: [info@datadotdna.com](mailto:info@datadotdna.com)

##### ***United Kingdom:***

Unit 4, Twickenham Road,

Union Park Industrial Estate,

Norwich, Norfolk, NR6 6NG, UK

Phone: +44 0 1603 407171

#### **Directors & Officers**

Mr Ray Carroll - Chair

Mr David Lloyd - Independent Non-Executive Director

Mr Brad Kellas - Managing Director

Mr Gordon Ogborne - Company Secretary

#### **Auditors**

AMW Audit Group,

Level 7, 91 Phillip Street

Parramatta, NSW, 2150

#### **Bankers**

Commonwealth Bank of Australia

Ground Floor, Tower 1

201 Sussex Street,

Sydney, NSW, 2000

#### **Share Register**

Boardroom Pty Limited

Level 12, 225 George Street

Sydney, NSW, 2000

Phone: +61 2 9290 9600

**Website** [www.datadotdna.com](http://www.datadotdna.com)



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