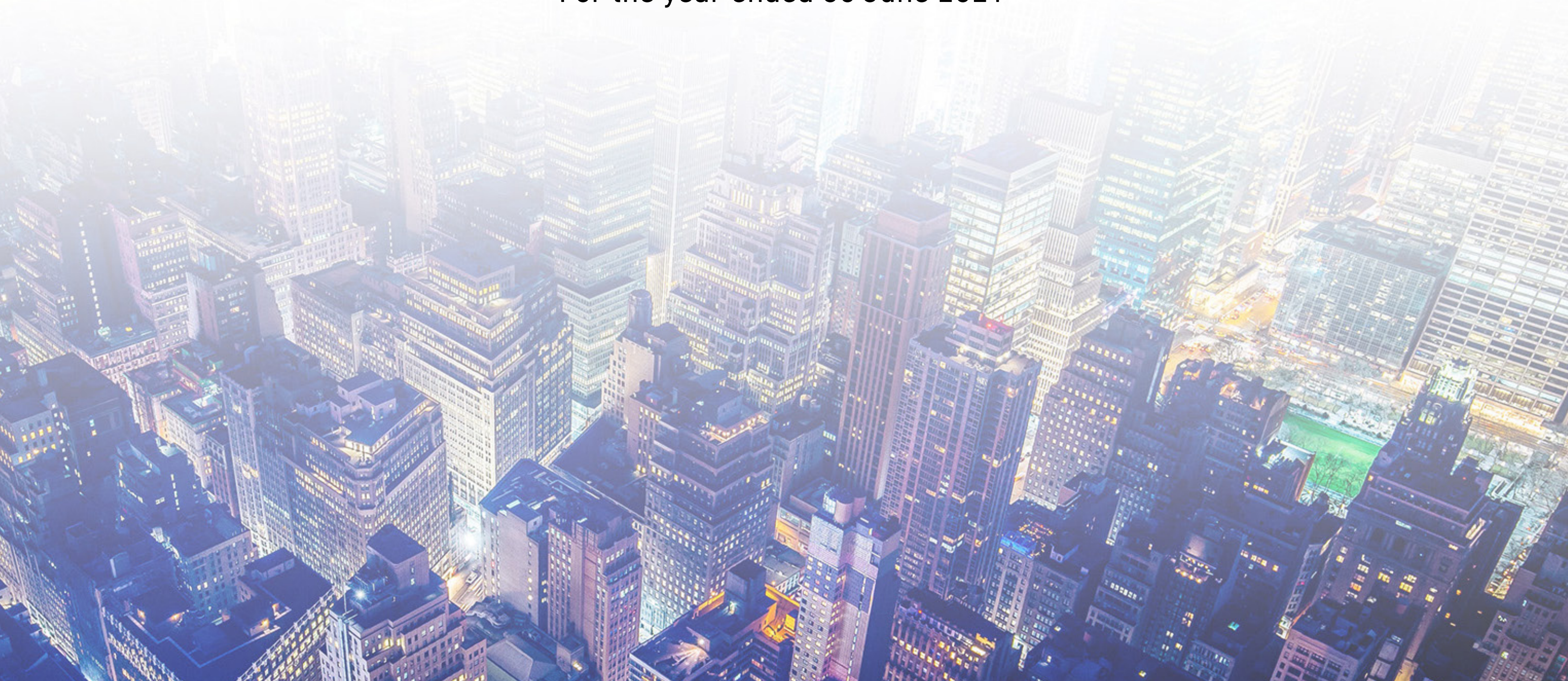
DXN Limited
(ACN 620 888 548)

ANNUAL REPORT
For the year ended 30 June 2021



DXN

MAKING

GLOBAL

LOCAL

CONTENTS

VISION AND MISSION

OUR VISION:

To define the EDGE by bringing critical communication infrastructure closer to our customers by making global local.

OUR MISSION:

We will be Australia's leading edge infrastructure company for colocation and turnkey solutions, building the best modular solutions safely, creating value for our customers, staff and shareholders.

OUR KEY VALUE PROPOSITIONS:

DESIGN

Deep domain knowledge in house skills including mechanical electrical and structural engineering.

BUILD

Australian owned Prefabricated Modular manufacturer with the highest quality standards that the data centre industry expects.

OPERATE

Secures, Maintains and Operates critical infrastructure.

Our Vision, Mission and Key Value Propositions are the critical focus points for our organisation and have helped shape our FY21 year.

CERTIFICATIONS AND GLOBAL STANDARDS

CORPORATE DIRECTORY

NON- EXECUTIVE CHAIRMAN

John Baillie

CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

Matthew Madden

NON-EXECUTIVE DIRECTORS

Richard Carden
John Dimitropoulos

COMPANY SECRETARY

George Lazarou

REGISTERED OFFICE

5 Parkview Drive
SYDNEY OLYMPIC PARK NSW 2127
Telephone: 1300 328 2390

PRINCIPAL OFFICE

3 Dampier Road
WELSHPOOL WA 6106
Telephone: 1300 328 239

AUDITORS

Moore Australia Audit (WA)
Level 15 Exchange Tower
2 The Esplanade
PERTH WA 6000
Telephone: +61 8 9225 5355

SHARE REGISTRAR

Automic Pty Ltd
Level 2
267 St Georges Terrace
PERTH WA 6000
Telephone: 1300 288 664

SOLICITORS

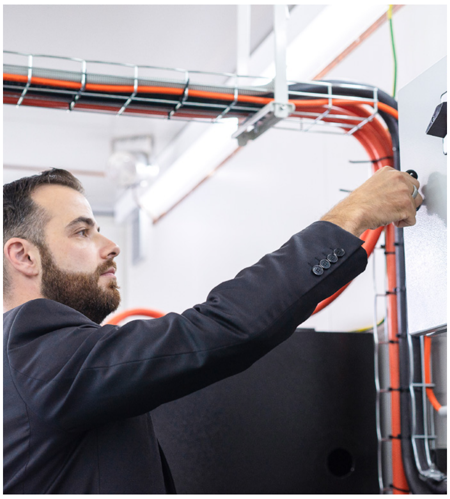
Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000
Telephone: +61 8 9321 4000

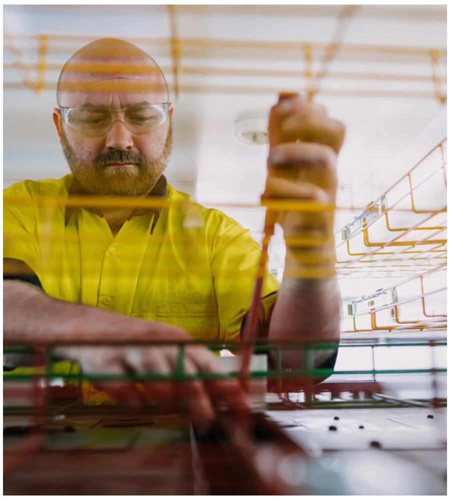
BANKERS

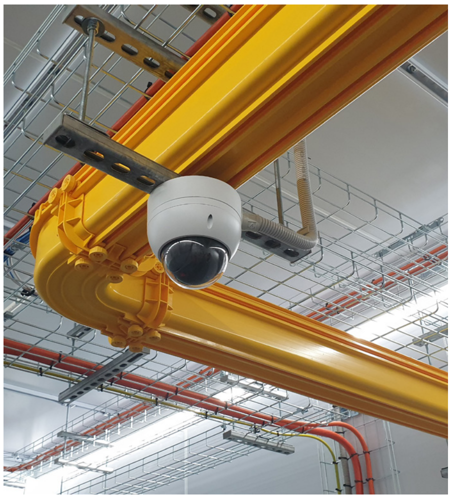
ANZ
15 Hutton Street
OSBORNE PARK WA 6017

STOCK EXCHANGE LISTING

Australian Securities Exchange
(Home Exchange: Perth,
Western Australia)
Code: DXN, DXNOD





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CHAIRMAN'S REPORT

Dear fellow shareholder,

The last two years have been particularly challenging for DXN. During 2020 we reviewed our Board structure and Corporate Strategy with the assistance of independent consultants and the outcome being that John Dimitropoulos joined the Board. John brings vast experience in global M&A transactions in the Telco and Technology sector. The strategy review endorsed and validated our focus on regional Edge data centres and our modular manufacturing business direction.

This financial year is going to be transformational. There is increased institutional interest from Asia in our story. As an early indication of this interest, we welcome our new strategic investor DC Alliance, a Singapore based DC owner and operator. Our recent purchase of Secure Data Centre (SDC) in Darwin NT is just an example of our focus for the future, specifically, regional smaller edge data centres well connected to sub sea cable locations within the Asia Pacific region. There is enormous growth potential in the edge data centre market primarily driven by an expanded 5G infrastructure, data sovereignty, the Internet of Things (IoT) and the huge growth in video streaming.

The Asia Pacific and ASEAN countries is where growth will be in the modular data centre market. Our modules are already deployed in over 10 countries and within major global mining companies. We recently engaged with Austrade to assist us in our export expansion.

A new division and revenue stream is being considered to service our modular sales, this will provide an annuity income stream over time. Further new products such as Micro Data Centre's for locations like 5G sites will be launched.

On behalf of the Board of Directors, I want to thank the DXN team for their efforts during this challenging year with lockdowns and working remotely during the global pandemic. Thank you also to all our shareholders for your continued interest and support.

John Baillie
Non-Executive Chairman

Matthew Madden
Chief Executive Officer and Managing Director

CEO REPORT

On behalf of DXN Limited, I would like to welcome our shareholders to this year's Annual Report, which covers the 12-month financial reporting period ending 30 June 2021.

FY21 was a transformational year for the company with the successfully delivery of a number of key customer projects, new customers, reduced operational cost, increased revenue and the maiden achievement of a cashflow positive quarter

DXN designs, builds, owns and operates data centres. Offering integrated and tailored solutions to its customers through our two business units.

- **Modular manufacturing - prefabricated data centre solutions that are scalable, purpose built and rapidly deployable for customers globally.**
- **Data centre operations - offers a highly secure environment for mission critical computing infrastructure. Currently two fully operational data centres in Sydney (SYD01) and Hobart (TAS01) and soon to be three, with SDC in Darwin.**

MOVING TOWARD THE EDGE – DXN'S OPPORTUNITY

Email, web browsing, TV streaming services, Cloud storage and Zoom or Teams meetings with the latter becoming a part of our normal daily activity for schooling, university lectures, telehealth and business meetings. All of there services amongst many others, are growing demand exponentially and are delivered as a part of the complex ecosystem made up of a web of infrastructure that includes: network connectivity like fibre optic cable systems on land and under sea, in the air through mobile cell towers and with streetside cabinets all routed through myriads of Data Centres in one big continuous cycle.
This infrastructure is in the midst of a transition from the mobile internet driven by the evolution of the smartphone to the hyper connected era where nearly every object in our physical world can have computing and connectivity built in, whether it's a simple consumer doorbell or a complicated robotic manufacturing device.[1]

This hyper-connectivity will also cause a transition from vertically-integrated, industry-specific solutions that is now driving the decentralization of computing, communications and business processes.[1]

The decentralisation of this infrastructure will require different types of data centres and processing locations to be built or enhanced, many of these will be through prefabricated modular solutions built in a factory and shipped to the site.

As of January 2021 there were 4.66 billion active internet users worldwide - 59.5 percent of the global population. Of this total, 92.6 percent (4.32 billion) accessed the internet via mobile devices.[2]

Whilst much of this demand has been delivered by Hyperscale Data Centres, which will continue to grow throughout the next decade, much more of the demand will be delivered by smaller distributed EDGE data centres closer to the customer. The likely key areas for growth will be in South East Asia, India, The Pacific, South America and Africa.

These are the key demand drivers and the opportunity that DXN is uniquely positioned to exploit.

[1] State of the Edge 2021: A Market and Ecosystem Report for Edge Computing
[2] Worldwide digital population as of January 2021

CEO REPORT
CONTINUED







MODULAR MANUFACTURING

The DXN Modules manufacturing strategic focus is on three key segments: Subsea Cables, the Resources Sector and EDGE data centre opportunities delivered improved results in FY21. New customers secured included contracts with Newcrest Mining, CPS, Streamline Connect, Sub.Co, Solomon Island Cable Company, Boeing Defence, and Covalent Lithium. These customers are a validation of DXN's strategic focus into those sectors.

SUBSEA CABLE

With the delivery of 10 Cable Landing Stations (CLS) in the region, DXN is fast becoming the go to company for prefabricated CLS that are built in our factory and delivered to site, to meet project time frames and exacting standards. FY21 saw the successful delivery of a number of international CLS projects including Southern Cross Next Cable, Teletok, Solomon Islands submarine cable company and Sub.Co. Border closures and International travel restrictions presented challenges for project delivery for DXN throughout FY21. To offset potential delays and issues caused by Covid-19, DXN entered into several sub-contract arrangements to help with commissioning and installation activities in both international and Australian locations as well as adaptions to our Factory acceptance testing process with the use of independent third-party verification and virtual factory acceptance using video.

Finalisation of the Southern Cross Next project was a great celebration for the DXN team. An extremely challenging project that required close collaboration with the customer resulting in a safe and successful delivery. We commissioned three cable landing stations in extremely remote locations in the pacific. The islands of Kiribati, and Tokelau will be receiving highspeed internet services for the first time when these cables are turned on in 2023.

> "DXN IS FAST BECOMING THE GO TO COMPANY TO GET CABLE LANDING STATIONS BUILT AND DELIVERED TO MEET PROJECT TIME FRAMES AND EXACTING STANDARDS."

CEO REPORT
CONTINUED

RESOURCES

The mining sector has also seen growth over prior years with deliveries to Newcrest Mining, Streamline Connect and CPS. The Data Centre delivery to their mine site in Cadia (near Orange in NSW) was the first prefabricated modular data centre delivered for Newcrest.

EDGE

By 2025, 175 zettabytes (or 175 trillion gigabytes) of data will be generated around the globe. Edge devices will create more than 90 zettabytes of that data [3].The requirement for specialised EDGE data centres is increasing and a greater level of redundancy and reliability is being requested. The company has seen this increased demand and has developed two TIER-Ready III module designs that have been approved by the Uptime Institute. We are now seeing an increase in our pipeline and expect the EDGE opportunities to continue to grow.

SAFETY ABOVE ALL ELSE

We are a Manufacturing Company, and Safety is of critical importance to us. "Safety above all else" is a company value and is part of our embedded safety culture at DXN and something that we are very proud of. In FY21, DXN transitioned to the new Workplace Health and Safety standard ISO 45001 certification. Over 45,000 manufacturing and site work hours were completed during FY21 with zero lost time injury. We moved our factory operations from Balcatta to Welshpool during the year to a purpose built facility creating a more efficient and safer work place. DXN constantly reviews our safety practices and systems with our people, customers and suppliers to ensure that we maintain our goal of zero injuries. Well done DXN team!

> "OVER 45,000 MANUFACTURING AND SITE WORK HOURS WITH ZERO LOST TIME INJURY."

[3] IDC Data Age 2025 report The Digitization of the World: From Edge to Core

CEO REPORT
CONTINUED








DATA CENTRE OPERATIONS

Revenue in Data centre operations increased from ~$100k in FY20 to ~$1m in FY21 largely driven by our Tasmanian Data Centre TAS01 acquired in May 2020 and fully integrated in FY21. SYD01 our Sydney Data centre located in Sydney Olympic Park had a slow uptake in FY21, our new sales strategy implemented in September 2020 has seen an increase in Telco connectivity to the site lifting the number of Telecommunication carriers from three to five with the addition of 5GN and FibreconX.

Telecommunications choice and inter data centre connectivity is an important selection criteria for customers and we expect to see an improvement in FY22 as a result of increased connectivity and product choices.

Our strategy of Regional EDGE data centres will be a primary focus in FY22. We look forward to onboarding SDC Darwin into DXN, bringing on line our third data centre in Australia. Watch this space.

STRATEGY IMPLEMENTATION

DXN has made significant progress with its restructuring and strategy implementation throughout FY21. The results of which are key financial improvements in comparison to prior years.

Increased revenues, reduced costs and margin maintenance.

- Operating revenue increased by 55% to $8m, driven by strong growth in both the modules business (39%) and the Colocation business with the addition of TAS01
- EBITDA loss of $2.6m ($683k gain including liability write off) has improved 71% from an EBITDA loss of $9.3m in 2020

Operating costs have been a strong focus for the company and have decreased from $12.1m in FY20 to $6.2m in FY21. Gross Margin has remained stable with a slight increase from 27% to 28%.

"DXN IS POSITIVE ABOUT THE FUTURE OF THE COMPANY WITH A STRONG SALES PIPELINE AND THE ONBOARDING OF A NEW DATA CENTRE IN DARWIN. WE WOULD LIKE TO TAKE THE OPPORTUNITY TO THANK OUR SHAREHOLDERS, STAFF AND CUSTOMERS FOR THEIR ONGOING SUPPORT."

Matthew Madden
DXN LIMITED, CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

DIRECTORS' REPORT

The directors present the following report on DXN Limited and its controlled entities ("the Group") during or at the end of the financial year ended 30 June 2021.

1. DIRECTORS

The names and details of the Group's directors in office during and since the financial year end until the date of the report are as follows.

Mr John Baillie

Mr Matthew Madden *(appointed to Board 26 August 2020)*

Mr Richard Carden

Mr John Dimitropoulos *(appointed 1 October 2020)*

Mr John Duffin *(resigned 26 August 2020)*

INFORMATION ON DIRECTORS

John Baillie	Independent Non-Executive Chairman
Period as Director	Since 23 May 2019
Qualifications	Graduate of the Australian Institute of Company Directors (GAICD) Graduate Diploma (Securities) from the Securities Institute of Australia
Experience	Mr Baillie has over 25 years' experience in financial services, including wealth management, corporate advisory, investor relations and private equity capital raisings. Mr Baillie was a Senior Investment Advisor with Shaw and Partners (formally Shaw Stockbroking) for 22 years, with a focus on portfolio management, trading and private equity raisings. In 2015 Mr Baillie established JB & Partners Corporate Advisory that specializes in strategic advice and succession planning for private companies; particularly family businesses. He has advised in a diverse range of industries, including financial services (particularly AFSL issues), FMCG companies, e-Commerce and the funeral industry.
Interest in Equities	2,634,982 Fully paid Ordinary Shares

Matthew Madden	Chief Executive Officer & Managing Director
Period as Director	Since 26 August 2020
Qualifications and Memberships	MBA from Macquarie Graduate School of Management Member of the Australian Institute of Company Directors (MAICD)
Experience	Mr Madden is a highly experienced data centre and telecommunications executive with a solid track record of building and leading high performing teams, as well as a strategic focus on world-class customer solutions underpinning long term partnerships. Mr Madden has broad experience in B2B telco, data centre and technology companies having held a variety of senior executive positions including General Manager Corporate and Enterprise markets at Nextgen Group, and Managing Director, Infoplex. At Nextgen, Mr Madden was responsible for significant sales into the Metronode data centres for the corporate, enterprise and reseller channels.
Interest in Equities	5,000,000 Fully paid Ordinary Shares 7,500,000 Options exercisable at $0.10 on or before 19 August 2022 5,000,000 Listed options exercisable at $0.02 on or before 18 May 2023 6,000,000 Performance Rights

Richard Carden	Non-Executive Director
Period as Director	Since 4 August 2017
Qualifications and Memberships	Nil
Experience	Mr Carden is an Asia based business leader with over 25 years of experience in the telecoms, data centre and IT industry. Richard has a solid track record in driving sales productivity and revenue growth. He was previously the SVP Global Enterprise Sales for Speedcast (ASX:SDA). Mr Carden joined Speedcast in 2013 when the company had just been acquired for circa A$40M and as part of the Executive team developed the M&A plus organic growth strategy that allowed the company to list in 2014 and achieve a market cap of over A$1.5B in 2018. Prior, Mr Carden was the Global SVP for Pacnet and responsible for over 300 sales staff and revenues of more than A$800M. Earlier, Mr Carden spent almost 10 years in Japan in roles that included President & CEO of Verizon, Japan.
Interest in Equities	3,312,500 Fully paid Ordinary Shares

John Dimitropoulos	Independent Non-Executive Director
Period as Director	Since 1 October 2020
Qualifications and Memberships	Bachelor of Business (Accounting and Computer Science) Deakin University Member of the Australian Institute of Company Directors (MAICD)
Experience	Mr Dimitropoulos brings over 30 years of extensive international experience in the Telecoms, Media and Technology sectors. Mr Dimitropoulos recent stints include assisting internet security giant McAfee in the US with both Corporate Development and Sales Channel optimisation, and as a Corporate Advisor to Korea's SK Telecom's group company's CEO's within SE Asia. Mr Dimitropoulos has been involved with, and led, many international acquisitions and divestments in Europe, Asia, and the US for numerous US based technology companies. At Real Networks, a Seattle based company where Mr Dimitropoulos spent nearly 12 years consulting, he was responsible for assisting in the development of the long-term strategy for its Mobile Entertainment division as well as driving M&A activity to deliver over US$600m in deals during his tenure. In Australia, Mr Dimitropoulos assisted in the foundational work that resulted in Run Property, and in the mid 90's was CEO of the first pre-paid mobile company in Australia. Mr Dimitropoulos has financial interests in an online e-commerce company as well as small cottage manufacturing of Australian products for export.
Interest in Equities	Nil

The Directors have been in office to the date of this report unless otherwise stated.

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by directors in the three (3) years immediately before the end of the financial period are as follows:

Name	Company	Period of directorship
John Baillie	Wilson Alternative Assets Limited (formerly Blue Sky Alternatives Access Fund Limited)	29 November 2018 to present
Richard Carden	-	-
John Duffin (resigned 26 August 2020)	-	-
Matthew Madden (appointed 26 August 2020)	-	-
John Dimitropoulos (appointed 1 October 2020)	-	-

CHIEF FINANCIAL OFFICER

Mr Greg Blenkiron was appointed Chief Financial Officer on 28 October 2019. Resigned 28 May 2021.

Ms Kristy Challingsworth was appointed Chief Financial Officer on 19 July 2021.

COMPANY SECRETARY

The following person held the position of Company Secretary during and at the end of the financial period:

MR GEORGE LAZAROU

Mr Lazarou is a qualified Chartered Accountant with over 25 years' experience, including five years as a partner of a mid-tier accounting firm, specialising in the areas of audit, advisory and corporate services. Mr Lazarou has extensive skills in the areas of corporate services, due diligence, independent expert reports, mergers & acquisitions and valuations.

2. PRINCIPAL ACTIVITIES

Data centres provide space, power, cooling, and physical security for clients to house their computer servers and related storage and networking equipment. Data centres provide a recurring revenue stream and our modular approach allows us to match our capital requirements with capacity sold, thereby reducing our upfront capital requirements. This disruptive model is at the forefront of data centre engineering techniques. Our construction cost (per megawatt) is less than our industry peers.

Our DXN Modules division engineers, constructs and commissions data centre solutions globally. Our data centre infrastructure has a wide range of applications, these include edge data centres and telecommunications applications (satellite, radio centres, cable landing stations). Our prefabricated construction method reduces the on-site labour and time to deploy and improves quality. Solutions by DXN Modules are ideal for rapid deployments in both urban and remote locations.

3. OPERATING RESULTS

The loss of the Group after providing for income tax amounted to $4,812,631 (2020: $12,590,529).

4. DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

5. REVIEW OF OPERATIONS

DATA CENTRE OPERATIONS

Colocation sales in SYD01 our Sydney Data Centre continue to be slow but our sales strategy implemented in September 2020 has seen an increase in Telco connectivity to the site with 5GN and Fibreconnex installing racks and fibre services.

TAS01 (our Hobart Data Centre), Contributed $877k of revenue to the FY21 results. TAS01 has capacity to triple its current capacity under its current approved DA. This can be done without interrupting current services at the site due to its modular construction. Our primary customer at the site is Tasmanet, one of only two accredited suppliers to the Tasmanian Government for the Tasmanian Cloud which is hosted at TAS01. The Tasmanian Cloud delivers services to enable the Tasmanian Government to better serve the needs of its community, support the local ICT industry, and moving the majority of Government data to the Tasmanian Cloud (secure on-island data centre services).

MODULAR DIVISION

The DXN Modules manufacturing strategic focus on subsea cables, the resources sector and EDGE data centre opportunities has seen revenue increase 39% to $7.1m. During the year a significant cable landing station contract was awarded by SUB.CO, as well as modular data centre sales in the mining sector with contracts awarded by Newcrest Mining, Streamline Connect and Covalent Lithium as well as Boeing Defence. The pipeline of new business opportunities in our key markets continues to be strong and this is expected to support sales into FY22.

6. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the Group occurred during the financial year:

- On 15 July 2020, the Group issued 5,000,000 fully paid ordinary shares following the exercise of options $0.02.
- On 19 August 2020, the Group advised that 3,750,000 options have expired and 150,000 performance rights were cancelled
- On 25 August 2020, the Group issued 159,120 fully paid ordinary shares following the exercise of options at $0.02.
- On 9 September 2020, the Group issued 5,000,000 fully paid ordinary shares following the exercise of options at $0.02.
- On 18 September 2020, the Group issued 18,850 fully paid ordinary shares following the exercise of options at $0.02.
- On 28 September 2020, the Group issued 65,000 fully paid ordinary shares following the exercise of options at $0.02.
- On 28 October 2020, the Group advised that 750,000 options have expired.

- On 11 November 2020, the Group advised that 105,568,130 options have expired.
- On 30 November 2020, the Group advised that 32,500,000 options have expired.
- On 21 December 2020, the Group advised that 111,111 performance rights were cancelled.
- On 24 December 2020, the Group issued 111,111 fully paid ordinary shares upon vesting of performance rights.
- On 12 March 2021, the Group issued 411,813 fully paid ordinary shares upon vesting of performance rights.
- On 5 April 2021, the Group advised that 6,828,125 options have expired.
- On 15 April 2021, the Group issued 44,000,000 fully paid ordinary shares at $0.012 and 22,000,000 options with expiry date on 30 April 2023 at $0.03.
- On 2 June 2021, the Group advised the cancellation of 1,200,000 performance rights and 1,000,000 options with an expiry date 28 October 2021 and 1,500,000 with an expiry date 28 October 2022

There were no other significant changes in the state of affairs of the Group during the financial year.

7. FUTURE DEVELOPMENTS

Our primary focus is to grow our revenues from our Data Centres and our modules business. Tasmania has provided a good contribution to Data Centre Operations revenues this year. Our Goal is to expand our Data Centre (DC) footprint to other Regional geographies. We are looking at both greenfield and brownfield opportunities to grow revenue and profit. With regard to greenfield opportunities, DXN board and management have established investment principles and investment hurdles. As an example, a new site opportunity must have substantial underlying revenue commitments prior to an investment being presented for board approval.

8. AFTER REPORTING DATE EVENTS

On 9 September 2021, the Company entered into a binding share and unit sale agreement to purchase 100% of a data centre in Darwin, Northern Territory, for a purchase price of ~$4.6 million in cash and $200,000 worth of shares in the Company. $850,000 of the purchase price will be retained to cover any warranty claims associated with the acquisition. Subject to any warranty claims, the retention amount will be paid one year after settlement.

On 9 September 2021, the Company announced it had executed a binding term sheet for a new four year secured $4 million debt facility with Pure Asset Management to support the acquisition of the Darwin Data Centre and the Company's future growth strategies.

On 9 September 2021, the Company announced it would undertake a Share Purchase Plan to existing shareholders to raise up to $1.5 million, with the offer closing on 30 September 2021.

On 10 September 2021 the Company completed a placement for ~$1.64 million through a placement to strategic investor DC Alliance Pte Ltd and sophisticated investors.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

9. MEETINGS OF DIRECTORS

During the year, 11 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings		**Audit & Risk**		**Remuneration & Nomination**	
Director	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**
John Baillie	11	11	3	3	1	1
Richard Carden	11	11	3	3	1	1
John Dimitropoulos (appointed 1 October 2020)	8	8	1	1	1	1
Matthew Madden (appointed 26 August 2020)	9	9	2	2	-	-
John Duffin (resigned 26 August 2020)	2	-	-	-	-	-

10. ENVIRONMENTAL ISSUES

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

11. OPTIONS

At the date of this report unissued ordinary shares of the Group under option are:

Expiry Date	Exercise Price	Number of Shares
19-Aug-22	$0.10	7,500,000
31-Dec-22	$0.10	7,500,000
30-Apr-23	$0.03	22,000,000
18-May-23	$0.02	641,936,886

22,000,000 options at $0.03 with an expiry date of 30 April 2023 were issued during the year. 149,396,255 options expired, 2,500,000 options were cancelled and 10,242,970 options were exercised during the year.

12. INDEMNIFYING OFFICERS OR AUDITOR

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer or agent of the Group shall be indemnified out of the property of the Group against any liability incurred by them in their capacity as Officer or agent of the Group or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

The Group has paid premiums to insure each Director and officer against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity of Director or officer of the Group, other than conduct involving a wilful breach of duty in relation to the Group. The total amount of premiums paid was $47,000.

13. PROCEEDINGS ON BEHALF OF COMPANY

The Company's liability to pay rent for the Melbourne property is the subject of a dispute. There are currently legal proceedings on foot between the landlord of the Lorimer Street property and the Company, in which the landlord is claiming unpaid rent since April 2021. The Company has brought a claim alleging that the landlord repudiated the lease, the lease has been terminated and the Company has no ongoing liability to pay rent. In addition, the Company has sued the landlord for loss and damage arising as a result of alleged breaches of the lease by the landlord. Rent has been characterised as a contingent liability pending determination or resolution of the dispute. A $3.3 million lease liability write off has been recorded in this year's Statement of profit and loss and other comprehensive income.

14. AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 28 of the annual report.

15. NON-AUDIT SERVICES

The following non-audit services were provided by Moore Australia (VIC) Pty Ltd, an independent member firm of the Moore Australia network. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Moore Australia (VIC) Pty Ltd or their related or other network entities received or are due to receive the following amounts for the provision of non-audit services:

	2021	2020
	$	$
Tax Compliance Services	9,280	9,620
Consulting Services	23,740	
	33,020	**9,620**

16. DIVERSITY

The Company believes that the promotion of diversity on its Board and within the organisation generally is good practice and is committed to managing diversity as a means of enhancing the Company's performance. There are currently no women on the Company's board and two woman filling senior management positions within the Company, however the Company (as set out in the Diversity Policy, further information in relation to which is set out on the Company's website at https://dxn.solutions/ in the Corporate Governance section) will focus on participation of women on its Board and within senior management and has set measurable objectives for achieving gender diversity.

Gender diversity objectives for the employment of women are as follows:

- to the Board – 20% by 2022;
- to senior management (including board and company secretary) – 20% by 2022
- to the organisation as a whole – 25% by 2022

As at the date of this report, the Company has the following proportion of women appointed:

- to the Board – 0%
- to senior management (including board and company secretary) – 29%
- to the organisation as a whole – 18%

17. REMUNERATION REPORT - AUDITED

DETAILS OF KEY MANAGEMENT PERSONNEL

The following persons were directors of the Group during the financial year unless otherwise stated:-

Mr John Baillie	Independent Non-Executive Director
Mr Matthew Madden	Managing Director (appointed 26 August 2020)
Mr Richard Carden	Non-Executive Director
Mr John Duffin	Independent Non-Executive Director (resigned 26 August 2020)
Mr John Dimitropoulos	Non-Executive Director (appointed 1 October 2020)

REMUNERATION POLICY

The remuneration policy of the Group has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to run and manage the Group.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in any employee incentive plan the Group adopts.

The executive directors and executives receive superannuation guarantee contribution required by the government, which is currently 10% (2021: 9.5%) and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options and performance rights are valued using a binomial option pricing method.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability.

Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $500,000). Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Group and are able to participate in any employee incentive plan the Group adopts.

Performance based remuneration

The Group has a performance-based remuneration component built into director and executive remuneration packages as disclosed in the "Compensation of Key Management Personnel" for the year table on page 20.

Company performance, shareholder wealth and director's and executive's remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. This will be facilitated through the issue of options or performance rights to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The Group believes the policy will be effective in increasing shareholder wealth.

Compensation of key management personnel for the year ended 30 June 2021 and 30 June 2020

	SHORT-TERM BENEFITS			POST EMPLOYMENT		EQUITY-BASED BENEFITS			TOTAL
	Salary & Fees $	Cash Bonus $	Non-Monetary $	Super-annuation $	Termination Benefits $	Options or Performance Rights $		% Performance based of Total Remuneration	$
Directors									
John Baillie – Non-Executive Chairman [10]									
2021	62,000	-	-	-	-	-	-	-	62,000
2020	40,855	-	-	-	-	-	-	-	40,855
Douglas Loh – Non-Executive Chairman [1]									
2021	-	-	-	-	-	-	-	-	-
2020	58,669	-	-	4,063	-	-	64,260	50.6%	126,992
John Dimitropoulos – Non-Executive Director [2]									
2021	27,000	-	-	2,565	-	-	-	-	29,565
2020	-	-	-	-	-	-	-	-	-
Terry Smart – Independent Non-Executive Director [3]									
2021	-	-	-	-	-	-	-	-	-
2020	25,662	-	-	2,438	-	-	-	-	28,099
Richard Carden – Non-Executive Director [10]									
2021	35,400	-	-	-	-	-	-	-	35,400
2020	34,800	-	-	-	-	-	-	-	34,800
John Duffin – Independent Non-Executive Director [4, 10]									
2021	4,892	-	-	465	-	-	-	-	5,357
2020	34,800	-	-	456	-	-	-	-	35,256
Tim Desmond – Non-Executive Director [5]									
2021	-	-	-	-	-	-	-	-	-
2020	18,000	-	-	-	-	-	-	-	18,000
Specified Executives									
Matthew Madden – Chief Executive Officer & Managing Director									
2021	300,000	25,398	-	25,000	-	-	204,641	41.5%	555,039
2020	261,538	48,750	-	25,000	-	-	208,183	38.3%	543,471
Greg Blenkiron – Chief Financial Officer [6]									
2021	200,777	26,453	-	20,127	-	-	-	10.7%	247,357
2020	137,572	-	-	13,069	-	-	34,655	18.7%	185,297
George Lazarou – Company Secretary [7]									
2021	-	-	-	-	-	-	-	-	-
2020	57,391	-	-	-	-	-	15,579	21.3%	72,970
Simon Forth – Joint Interim Chief Executive Officer [8]									
2021	-	-	-	-	-	-	-	-	-
2020	172,104	-	-	16,350	5,228	-	93,473	32.6%	287,155
Richard Whiting – Joint Interim Chief Executive Officer [9]									
2021	-	-	-	-	-	-	-	-	-
2020	100,420	-	-	6,640	43,044	-	45,773	23.4%	195,877
Shalini Lagrutta – Global Head of Sales and Marketing (from 1st of February 2021)									
2021	103,869	-	-	9.868	-	-	6,225	5.2%	119,962

Total Remuneration									
2021	**733,938**	**51,851**	**-**	**58,025**	**-**	**-**	**210,866**	**20.0%**	**1,054,680**
2020	**941,811**	**48,750**	**-**	**68,016**	**48,272**	**-**	**461,924**	**29.44%**	**1,568,773**

1. Mr Loh provided consultancy services amounting to $15,900 on normal commercial terms, through Emmanuel Investment Holdings Pty Ltd, a Company Mr Loh has an interest in. These are included in the remuneration above. Mr Loh resigned 17 March 2020.
2. Appointed 1 October 2020.
3. Resigned 17 March 2020.
4. Resigned 26 August 2020.
5. Resigned 17 March 2020.
6. Resigned 28 May 2021
7. Citadel Capital Pty Ltd, a company Mr Lazarou has an interest in, received fees for Chief Financial Officer services and Company Secretarial services for the period 1 July to 25 October 2019 (Mr Lazarou ceased being a key management personnel on this date). Mr Lazarou continues to receive fees for Company Secretarial services and is now an employee of the Group.
8. Resigned 8 May 2020
9. Resigned 20 December 2019
10. Note the directors accepted a 20% reduction in directors' fees for a period of 3 months due to Covid19 from 1 May 2020

OPTIONS OR PERFORMANCE RIGHTS ISSUED AS PART OF REMUNERATION

During the financial year ended 30 June 2021 there were no performance rights and options issued as part of remuneration to directors, key executives, employees, and consultants.

For details on the valuation of the Performance Rights, including models and assumptions used, please refer to Note 29. There were no alterations to the terms and conditions of the Performance Rights granted as remuneration since their grant date.

REMUNERATION POLICY OF KEY MANAGEMENT PERSONNEL

The objective of the Group's executive reward framework is set to attract and retain the most qualified and experienced directors and senior executives. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness
- Acceptability to shareholders
- Performance linkage
- Capital management

NON-EXECUTIVE DIRECTORS

The constitution of the Group provides that the non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Group in a general meeting (currently $500,000). The Chairman's fees are determined independently to the fees of non-executive Directors based on comparative roles in the external market. The remuneration policy has been tailored to increase goal congruence between shareholders and Directors. The Group will look to adopt an employee incentive plan to encourage the alignment of personal and shareholder interests. The Group believes this policy will be effective in increasing wealth.

DIRECTORS' FEES

A director may be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

SERVICE AGREEMENTS

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:-

Name:	Matthew Madden
Title:	Chief Executive Officer
Agreement Commenced:	19 August 2019
Term of Agreement:	The employment shall continue until terminated in accordance with the provisions for termination, being by either party with 3 months' notice.
Details:	There are three components to Mr Madden's remuneration:
	(a) Gross Annual Remuneration Package Mr Madden will be paid a base annual remuneration of $300,000 plus statutory superannuation contributions, which is capped at $27,500 per annum. The employer may review the employee's performance, remuneration and benefits in accordance with the employer policy from time to time.
	(b) Short Term Incentive Benefits Subject to the Mr Madden's continued employment by the Group at the relevant Review Date, the Board may, in its absolute discretion, elect to provide the Executive with an annual bonus up to an amount equal to 30% of the Base Salary, plus superannuation, based on the Annual Review (STI Bonus). Mr Madden (in his sole discretion) can elect to have the STI Bonus (in whole or in part) paid in Shares. The value of the Shares shall be the 15-day volume weighted average price (VWAP) of Shares calculated on the day after release of the Group's full year financial accounts
	(c) Long Term Incentive Benefits Mr Madden has been issued the following Performance Rights in accordance with the terms and conditions of the Company's Employee Incentive Plan: (a) 6,000,000 Performance Rights subject to the following vesting conditions: (i) Milestone 1: 3,000,000 Performance Rights will vest on or before 30 June 2022, upon the achievement of the Sydney Data Centre owned by the Group achieving either: A. an annual gross revenue equal to or in excess of $15,000,000; or B. filled capacity of 5 MW; or C. sales equal to or in excess of 500 server racks; and (ii) Milestone 2: 3,000,000 Performance Rights will vest upon DXN Modules achieving total sales equal to or in excess of $50,000,000 or total sales equal to or in excess of $25,000,000 are achieved over a rolling 12-month period, both on or before 30 June 2022, and 7,500,000 options in accordance with the terms and conditions of the Company's Employee Incentive Plan: (i) to vest on achieving a share price that is at least $0.35 for 10 consecutive trading days on ASX, calculated on a daily VWAP basis, by no later than 19 August 2022.

Name:	Kristy Challingsworth
Title:	Chief Financial Officer
Agreement Commenced:	19 July 2021
Term of Agreement:	The employment is for a minimum period of three months and thereafter shall continue until terminated in accordance with the provisions for termination, being by either party with 3 months' notice.
Details:	There are three components to Ms Challingsworth's remuneration:
	(a) Gross Annual Remuneration Package Ms Challingsworth will be paid a base annual remuneration of $230,000 plus statutory superannuation contributions, which is capped at $27,500 per annum. The employer may review the employee's performance, remuneration and benefits in accordance with the employer policy from time to time.
	(b) Short Term Incentive Benefits Subject to the Ms Challingsworth's continued employment by the Group at the relevant Review Date, the Board may, in its absolute discretion, elect to provide the Executive with an annual bonus up to an amount equal to 25% of the Base Salary, plus superannuation, based on the Annual Review (STI Bonus). Ms Challingsworth (in her sole discretion) can elect to have the STI Bonus (in whole or in part) paid in Shares. The value of the Shares shall be the 15-day volume weighted average price (VWAP) of Shares calculated on the day after release of the Group's full year financial accounts
	(c) Long Term Incentive Benefits The LTI component has an annual grant value of up to 25% of the executive remuneration package. The number of performance rights and/or options will depend on the share price at the allocation or grant date.

Name:	Greg Blenkiron
Title:	Chief Financial Officer
Agreement Commenced:	28 October 2019
Term of Agreement:	The employment is for a minimum period of six months and thereafter shall continue until terminated in accordance with the provisions for termination, being by either party with 3 months' notice.
Details:	Base salary of $200,000 plus superannuation. STI up to 30% to be reviewed and approved by the Board
Resignation Date:	28 May 2021

Name:	Shalini Lagrutta
Title:	Head of Sales and Marketing
Agreement Commenced:	1 February 2021 (previously employed as a consultant/contractor)
Term of Agreement:	The employment is continuous until terminated in accordance with the provisions for termination, being by either party with 3 months' notice.
Details:	There are three components to Ms Lagrutta's remuneration:
	(a) Gross Annual Remuneration Package Ms Lagrutta will be paid a base annual remuneration of $249,285 plus statutory superannuation contributions, which is capped at $27,500 per annum. The employer may review the employee's performance, remuneration and benefits in accordance with the employer policy from time to time.
	(b) Commission Plan The executive will be entitled to receive an On Target Earning (OTE) commission of $154,285 inclusive of superannuation. The executive will be paid their OTE commission based on sales performance set out in the Sale commission plan and Sales commission annual target letter.
	(c) Long Term Incentive Benefits The LTI component has an annual grant value of up to 25% of the executive remuneration package. The number of performance rights and/or options will depend on the share price at the allocation or grant date.

Name:	John Baillie
Title:	Non-Executive Chairman
Agreement Commenced:	Effective 1 July 2021
Term of Agreement:	Subject to re - election every 3 years
Details:	Base salary of $84,000 plus superannuation per annum (if applicable), to be reviewed annually by the Board.

Name:	Richard Carden
Title:	Non-Executive Director
Agreement Commenced:	Effective 1 July 2021
Term of Agreement:	Subject to re - election every 3 years
Details:	Base salary of $50,400 plus superannuation per annum (if applicable), to be reviewed annually by the Board, plus. $1,500 per annum plus superannuation (if applicable) as Chairman of the Audit & Risk Committee.

Name:	John Duffin
Title:	Non-Executive Director
Agreement Commenced:	1 October 2018
Term of Agreement:	Subject to re - election every 3 years
Details:	Base salary of $36,000 plus superannuation per annum (if applicable), to be reviewed annually by the Board.
Resignation Date:	26 August 2020

Name:	John Dimitropoulos
Title:	Non-Executive Director
Agreement Commenced:	Effective 1 July 2021
Term of Agreement:	Subject to re - election every 3 years
Details:	Base salary of $50,400 plus superannuation per annum (if applicable), to be reviewed annually by the Board, plus $1,500 per annum plus superannuation (if applicable) as Chairman of the Remuneration & Nomination Committee.

RETIREMENT BENEFITS

Other retirement benefits may be provided directly by the Group, if approved by shareholders.

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

The movement during the reporting period in the number of options over ordinary shares in the Group held, directly, indirectly or beneficially, by each key management person, including related parties, is as follows:

2021	Balance at 1 July 2020	Received on exercise of right or option	Bought & (Sold)	Holding on Date of Resignation or Appointment	Balance at 30 June 2021
John Dimitropoulos*	-	-	-	-	-
Richard Carden	3,312,500	-	-	-	3,312,500
John Baillie	2,634,982	-	-	-	2,634,982
Greg Blenkiron**	500,000	-	-	(500,000)	-
John Duffin***	-	-	-	-	-
Shalini Lagrutta ****	-	299,500	-	2,300,00	2,599,500
Matthew Madden	5,000,000	-	-	-	5,000,000
	11,447,482	**299,500**	**-**	**1,800,000**	**13,546,982**

* Appointed 1 October 2020
** Resigned 28 May 2021
*** Resigned 26 August 2020
****Appointed 1 February 2021

2020	Balance at 1 July 2019	Received on exercise of right or option	Bought & (Sold)	Holding on Date of Resignation	Balance at 30-Jun-20
Douglas Loh *	1,387,500	1,260,000	163,000	2,810,500	-
Richard Carden	2,650,000	-	662,500	-	3,312,500
Terry Smart **	12,012,097	-	-	12,012,097	-
John Duffin ***	-	-	-	-	-
Tim Desmond ****	27,850,000	-	-	27,850,000	-
John Baillie	1,379,175	-	1,255,807	-	2,634,982
George Lazarou	1,140,625	900,000	(2,040,625)	-	-
Greg Blenkiron	-	-	500,000	-	500,000
Matthew Madden	-	-	5,000,000	-	5,000,000
Simon Forth*****	700,000	1,800,000	(2,500,000)	-	-
Richard Whiting******	700,000	900,000	(1,600,000)	-	-
	47,819,397	**4,860,000**	**1,440,682**	**42,672,597**	**11,447,482**

* Resigned 17 March 2020
** Resigned 17 March 2020
*** Resigned 26 August 2020
**** Resigned 17 March 2020
***** Resigned 8 May 2020
****** Resigned 20 December 2019

OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL

The movement during the reporting period in the number of options over ordinary shares in the Group held, directly, indirectly or beneficially, by each key management person, including related parties, is as follows:

2021	Balance at 1 July 2020	Received as Remuneration	Expired	Acquired	Holding at Date of Resignation or Appointment	Balance at 30 June 2021	Total Vested at 30 June 2021	Total Exercisable at 30 June 2021
Richard Carden	715,000	-	(715,000)	-	-	-	-	-
John Duffin*	-	-	-	-	-	-	-	-
John Dimitropoulos**	-	-	-	-	-	-	-	-
John Baillie	1,333,932	-	(1,333,932)	-	-	-	-	-
Greg Blenkiron***	3,750,000	-	(3,750,000)	-	-	-	-	-
Shalini Lagrutta****	-	-	-	-	2,000,000	2,000,000	-	-
Matthew Madden	21,250,000	-	(3,750,000)	-	-	17,500,000	-	-
	27,048,932	**-**	**(9,548,932)**	**-**	**2,000,000**	**19,500,000**	**-**	**-**

* Resigned 26 August 2020

** Appointed 1 October 2020

*** Resigned 28 May 2021

**** Appointed 1 February 2021

PERFORMANCE RIGHT HOLDINGS OF KEY MANAGEMENT PERSONNEL

The movement during the reporting period in the number of performance rights in the Group held, directly, indirectly or beneficially, by each key management person, including related parties, is as follows:

2021	Balance at 1 July 2020	Holding at Date of Appointment	Lapsed / Expired	Exercised	Balance at 30 June 2021	Total Vested at 30 June 2021	Total Unvested at 30 June 2021
Matthew Madden	6,000,000	-	-	-	6,000,000	-	6,000,000
Shalini Lagrutta*	-	599,000	-	(299,500)	299,500	-	299,500
Greg Blenkiron**	1,200,000	-	(1,200,000)	-	-	-	-
	7,200,000	**599,000**	**(1,200,000)**	**(299,500)**	**6,299,500**	**-**	**6,299,500**

* Appointed 1 February 2021

** Resigned 28 May 2021

2020	Balance at 1 July 2019	Issued During the Year	Lapsed / Expired	Exercised	Balance at 30 June 2020	Total Vested at 30 June 2020	Total Unvested at 30 June 2020
Matthew Madden	-	6,000,000	-	-	6,000,000	-	6,000,000
Greg Blenkiron	-	1,200,000	-	-	1,200,000	-	1,200,000
Simon Forth *	1,800,000	-	-	(1,800,000)	-	1,800,000	-
Doug Loh		1,800,000	(540,000)	(1,260,000)	-	1,260,000	-
Richard Whiting **	1,800,000	-	(900,000)	(900,000)	-	1,800,000	-
George Lazarou	900,000	-	-	(900,000)	-	900,000	-
	4,500,000	**9,000,000**	**(1,440,000)**	**(4,860,000)**	**7,200,000**	**5,760,000**	**7,200,000**

* Resigned 8 May 2020

** Resigned 20 December 2019

OTHER TRANSACTIONS WITH RELATED PARTIES AND KEY MANAGEMENT PERSONNEL

Please refer to Note 24 for details of other transactions with key management personnel or their related entities.

Signed in accordance with a resolution of the Board of Directors.

John Baillie
Non-Executive Chairman

Dated this 30th day of September 2021

Moore Australia Audit (WA)

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AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF DXN LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

MOORE AUSTRALIA

SUAN-LEE TAN
PARTNER

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 30th day of September 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Continuing operations			
Sales to customers	2	8,035,137	5,188,280
Cost of Sales		(5,787,131)	(3,787,169)
Gross Profit		***2,248,006***	***1,401,111***
Revenue			
R&D tax incentive claim		725,766	918,157
Export marketing development grant		100,000	87,774
Government Covid support		291,000	245,000
Other income		187,048	9,391
Lease Liability reversed	14	3,302,433	-
Interest received		10,422	64,935
Foreign exchange gain		-	79,190
		4,616,669	***1,404,447***
Expenses			
Acquisition expenses		(54,487)	(28,808)
Administration expenses		(370,320)	(422,820)
Amortisation – intangibles	13	(493,231)	(77,550)
Compliance and legal expenses		(365,217)	(205,400)
Consultants and contractors		(160,486)	(559,665)
Depreciation		(3,903,980)	(1,590,639)
Employee expenses	3	(3,670,467)	(5,401,590)
Finance expenses		(203,495)	(180,435)
Foreign exchange loss		(92,142)	-
Impairment on right of use assets		-	(3,743,255)
Impairment of trade receivables		-	(36,428)
Impairment of Non-current assets held for sale		(136,006)	-
Impairment of inventory		(211,388)	
Lease amortisation		(599,555)	(1,197,751)
Lease interest charge		(295,482)	(217,849)
Loss on sale of plant & equipment		(1,169)	(1,548)
Marketing expenses		(1,942)	(241,801)
Occupancy expenses		(993,353)	(966,801)
Telecommunication and technology expenses		(101,461)	(208,455)
Travel Expenses		(23,125)	(315,292)
		(11,677,306)	***(15,396,087)***
Loss before income tax expense		***(4,812,631)***	***(12,590,529)***
Income tax expense	4	-	-
Total comprehensive income/ (loss) for the period		***(4,812,631)***	***(12,590,529)***
Basic earnings per share (cents per share)	26	(0.45)	(2.57)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	Consolidated	Consolidated
ASSETS		***2021***	***2020***
Current Assets		***$***	***$***
Cash and cash equivalents	7	1,663,955	3,592,472
Trade and other receivables	8	666,152	389,726
Other assets	9	124,854	511,409
Non-Current Assets held for sale	10 (a)	544,011	-
Inventory / Work in Progress	10 (b)	1,231,781	1,204,672
Total Current Assets		***4,230,753***	***5,698,279***
Non-Current Assets			
Bank guarantees	11	1,028,917	3,087,841
Plant and equipment	12	8,701,703	13,139,787
Intangible	13	1,502,016	1,734,707
Lease right of use assets	14	8,407,598	8,180,752
Total Non-Current Assets		***19,640,234***	***26,143,087***
TOTAL ASSETS		***23,870,987***	***31,841,366***
LIABILITIES			
Current Liabilities			
Trade and other payables	15	2,153,523	785,512
Income in advance	16	387,556	734,573
Borrowings	17	1,027,255	872,920
Provisions	18	181,290	143,162
Lease liabilities	14	625,417	1,104,312
Total Current Liabilities		***4,375,041***	***3,640,479***
Non-Current Liabilities			
Borrowings	17	605,011	2,486,586
Lease liabilities	14	7,882,462	10,790,503
Total Current Liabilities		***8,487,473***	***13,277,089***
TOTAL LIABILITIES		***12,862,514***	***16,917,568***
NET ASSETS		***11,008,473***	***14,923,798***
EQUITY			
Issued capital	20	40,345,107	39,604,052
Option reserve	21	310,302	310,302
Share based payments reserve	22	866,654	710,403
Accumulated losses	23	(30,513,590)	(25,700,959)
TOTAL EQUITY		***11,008,473***	***14,923,798***

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGE IN EQUITY

For the year ended 30 June 2021

	Issued Capital	Option Reserve	Share Payments Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance at 1 July 2019	29,662,628	310,302	11,621	(13,110,430)	16,874,121
Total comprehensive income for the period					
Loss for the period	-	-	-	(12,590,529)	(12,590,529)
	-	-	-	(12,590,529)	(12,590,529)
Transaction with owners in their capacity as owners:					
Issue of shares	10,903,046	-	-	-	10,903,046
Capital raising costs	(867,532)	-	-	-	(867,532)
Capital raising costs-share based payments	(437,604)	-	437,604	-	-
Share based payment expense	-	-	604,692	-	604,692
Reclass to equity	343,514	-	(343,514)	-	-
Balance at 30 June 2020	***39,604,052***	***310,302***	***710,403***	***(25,700,959)***	***14,923,798***

	Issued Capital	Option Reserve	Share Payments Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance at 1 July 2020	39,604,052	310,302	710,403	(25,700,959)	14,923,798
Total comprehensive income for the period					
Loss for the period	-	-	-	(4,812,631)	(4,812,631)
	-	-	-	(4,812,631)	(4,812,631)
Transaction with owners in their capacity as owners:					
Issue of shares	732,859	-	-	-	732,859
Capital raising costs	(19,519)	-	-	-	(19,519)
Share based payment expense	-	-	183,966	-	183,966
Reclass to equity	27,715	-	(27,715)	-	-
Balance at 30 June 2021	***40,345,107***	***310,302***	***866,654***	***(30,513,590)***	***11,008,473***

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 30 June 2021

	Note	Consolidated 2021	Consolidated 2020
Cash flows from operating activities		**$**	**$**
Receipts from customers		7,264,873	5,350,036
Payments to suppliers and employees		(11,056,801)	(12,526,572)
Interest received		19,141	108,790
Interest paid		(70,520)	(150,748)
R&D tax incentive claim		725,766	918,157
Government grants		454,000	269,774
Payment of deposit		-	-
Receipt of deposit		-	-
Net cash flows provided by (used in) operating activities	27(a)	(2,663,541)	(6,030,563)
Cash flows from investing activities			
Refund / (Payment) of deposits and guarantees		2,058,925	(12,821)
Purchase of plant and equipment		(140,112)	(3,281,314)
Purchase of intangible assets		(39,036)	(157,201)
Acquisition of the assets from Data Centre 3	19	-	(2,700,000)
Net cash flows provided by (used in) investing activities		1,879,777	(6,151,336)
Cash flows from financing activities			
Proceeds from convertible notes		-	1,000,000
Proceeds from the issue of shares and options		732,860	9,903,285
Payment of capital raising costs		(19,520)	(867,772)
Finance facility drawdown		1,179,429	1,315,885
Repayment of finance facility		(3,037,522)	(944,287)
Loans made to employee		-	-
Repayment of loans made to employees		-	5,125
Net cash flows provided by (used in) financing activities		(1,144,753)	10,412,236
Net increase / (decrease) in cash held		(1,928,517)	(1,769,663)
Cash and cash equivalents at beginning of period		3,592,472	5,362,135
Cash and cash equivalents at end of the period	7,27(b)	***1,663,955***	***3,592,472***

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

DXN Limited and its controlled entity (referred to as the "Consolidated Group" or "Group") is domiciled in Australia and listed on the ASX.

The address of the Group's registered office is 5 Parkview Drive, Sydney Olympic Park NSW 2127. The full year financial statements of the Group as at and for the twelve months ended 30 June 2021 comprises DXN Limited and its controlled entity.

The principal activities of the Group during the period were to manufacture modular data centre solutions for other operators and to operate modular colocation data centres.

BASIS OF PREPARATION

The accounting policies set out below have been consistently applied to all periods presented.

Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) as issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001 for profit-oriented entities. The financial report of the Group complies with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

The financial statements were authorised for issue by the Board of Directors on 30 September 2021.

BASIS OF MEASUREMENT

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value
- liabilities for cash-settled share-based payment arrangements are measured at fair value

FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Australian dollars, which is the Group's functional currency.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

GOING CONCERN

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Group incurred a loss of $4,812,631 for the year ended 30 June 2021 (2020: $12,590,529) and operating cash outflows of $ 2,663,541 (2020: $6,030,563).

The ability of the Group to continue to pay its debts as and when they fall due is dependent upon the Group successfully raising additional share capital, refinancing debt facilities and generating sufficient revenue.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- the Directors have an appropriate plan to raise additional funds as and when it is required, and the Directors believe that the additional capital required can be raised either in the market or via debt funding partners. Subsequent to the reporting period, the Company has raised ~$1.64 million through a placement to institutional and sophisticated investors, are currently undertaking a Share Purchase Plan to existing shareholders to raise up to $1.5 million, with the offer closing on 30 September 2021 and has executed a binding term sheet for a new four year secured $4 million debt facility with Pure Asset Management to support the acquisition of the Darwin Data Centre and the Company's future growth strategies;;
- the Directors have an appropriate plan to contain certain operating expenditure such as reducing employee and administrative costs, if appropriate funding is unavailable;
- the Directors have an appropriate plan to contain capital expenditure as the modular nature of the Group's data centres allows it to expand and incur additional expense when current capacity is fully utilised; and
- the Directors have an appropriate plan to increase revenues through expanding the number of owned and managed colocation sites and additional modules sales.

The accounts have been prepared on the basis that the Group can meet its commitments as and when they fall due and can therefore continue normal business activities, and the realisation of assets and liabilities in the ordinary course of business.

(a) Critical Accounting Judgements Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

INCOME TAX EXPENSES

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.

IMPAIRMENT

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

FAIR VALUE MEASUREMENT

The Group measures financial instruments, such as derivatives, at fair value at each balance sheet date. Also, from time to time, the fair values of non-financial assets and liabilities are required to be determined, eg., when the entity acquires a business, or where an entity measures the recoverable amount of an asset or cash-generating unit (CGU) at fair value less costs of disposal.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Changes in estimates and assumptions about these inputs could affect the reported fair value.

SHARE BASED PAYMENTS

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes or Monte-Carlo model taking into account the assumptions detailed within note 29. Inputs to pricing models may require an estimation of reasonable expectations about achievement of future vesting conditions. Vesting conditions must be satisfied for the counterparty to become entitled to receive cash, other assets or equity instruments of the entity, under a share-based payment arrangement. Vesting conditions include service conditions, which require the other party to complete a specified period of service, and performance conditions, which require specified performance targets to be met (such as a specified increase in the entity's profit or revenues over a specified period of time) or completion of performance hurdles.

The Group recognises an amount for the goods or services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and shall revise that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates.

ESTIMATION OF USEFUL LIFE OF ASSETS

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

During the year ended 30 June 2021, the board decided to accelerate the depreciation on the SYD01 DC module assets to reflect a change in the market demand or service output of this asset. This change in depreciation rate was effectuated prospectively from 1 July 2020. Depreciation of this asset increased by $1,706,966 during the year ended 30 June 2021 as a result.

(b) New and amended accounting policies adopted by the Group

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period and have determined that they do not have any material impact on the 2021 financial statements.

(c) Principles of consolidation

SUBSIDIARIES

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of DXN Ltd ("the Company" or "parent entity") as at 30 June 2021 and the results of all subsidiaries for the year then ended. DXN Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity' or 'the 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. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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.

ASSOCIATES

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

(d) Intangible assets

INTERNALLY GENERATED SOFTWARE

Internally developed software is capitalised at cost less accumulated amortisation. Amortisation is calculated using the straight-line basis over the asset's useful economic life which is generally three years. Their useful lives and potential impairment are reviewed at the end of each financial year.

LICENCES/TRADEMARKS/COPYRIGHTS

Certain licences, trademarks and copyrights that the Group possesses will be amortised over their useful life and are carried at cost less impairment losses and are subject to impairment review at least annually and whenever there is an indication that it may be impaired. Other licences that the Group acquires are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period.

SOFTWARE UNDER DEVELOPMENT

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and services and employee costs.

Assets in the course of construction include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

Software under development shall only commence being amortised when the software is completed and ready for use.

Other licences that the Group acquires are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period.

CUSTOMER CONTRACTS

This relates to the minimum estimated EBITDA arising from the acquisition of the data centre in Hobart, Tasmania which have been guaranteed for three years by the vendor. This asset is recorded at original cost and is amortised on a straight-line basis over its useful economic life which is three years from its acquisition date.

GOODWILL

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of the consideration transfer over the acquisition date fair value of any identifiable assets acquired and liabilities assumed. Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, which represent the lowest level at which goodwill is monitored.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

DEPRECIATION

The depreciable amount of all fixed assets relating to newly constructed greenfield data centres (such as DXN-SYD01) is depreciated using the reducing balance method to allocate their cost, net of any residual values, over their estimated useful lives.

The depreciable amount of fixed assets of existing data centres (such as the DXN-TAS01) and other fixed assets are depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset Depreciation	Rate
Plant & Equipment	13% – 73%
DC Modules	10% – 73%
ICT Hardware	40% – 67%
Office Equipment	20% – 67%
Motor Vehicles	25%
Leasehold improvements	10% – 67%

Depreciation on assets under construction shall only commence when the assets construction is completed and ready for use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss in the statement of comprehensive income.

(g) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(h) Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

(i) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed over an ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured using a forward looking "expected credit loss" (ECL) model. Refer to notes 1(m) for further discussion on the application of the expected credit loss model under AASB 9 Financial Instruments.

(j) Trade and other payables

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

(k) Revenue Recognition

The Group's revenue recognition policy complies with AASB 15: Revenue from Contracts with Customers. AASB 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from the Group's contracts with the customer, identify performance obligations in the contract, and recognise revenue when performance obligations are satisfied.

Revenue generated by the Group is categorised into the following major business activities:

Data Centre Services

Revenue is recognised only when the service has been provided, the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Group. Any upfront discounts provided to customers are amortised over the contract term. This approach is considered consistent with AASB 15 in that revenue is deferred and recognised over the term of the contract with the customer. As the performance obligation is fulfilled over time, such revenue is recognised over time.

DXN Module Sales

The Group custom builds turnkey data centre modules for customers. Revenue is recognised based on key milestones and in proportion to the stage of completion of the work performed at the reporting date. Revenue from these sales is based on the price stipulated in the contract and any agreed variations to the contract sum. Revenue is only recognised to the extent that there is a high probability that a significant reversal of revenue will not occur. As the performance obligation is fulfilled over time, such revenue is recognised over time.

AASB 15 also provides guidance relating to the treatment of contract costs, such as incremental costs of obtaining a contract. From 1 July 2018, eligible costs that are expected to be recovered are capitalised as a contract asset and amortised over the term of the contract with the customer.

Interest Income

Interest income is recognised over time using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Refundable Research & Development Tax Offset

The Group recognises refundable R & D tax offset as a government grant under AASB 120 Government Grants. Such refunds are recognised on an accrual basis only when the amount can be measured reliably, and it is probable that the economic benefits associated with the offset will flow to the Group. Accordingly, revenues from the receipt of refundable R & D tax offset is recognised only at a point in time.

(l) Income Tax
The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

(a) The initial recognition of goodwill; or

(b) The initial recognition of an asset or liability in a transaction which:

(i) is not a business combination; and

(ii) at the time of the transaction, affects neither accounting profit nor taxable profit

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the company in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(m) Financial Instruments
Initial recognition and measurement
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in a effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of adesignated hedging relationship The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a Group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments
At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3:Business Combinations applies, the Group has the option to make an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss. The Group currently has no equity instrument financial assets.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

Derecognition
Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets
A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred.
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

IMPAIRMENT

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approach to impairment, as applicable under AASB 9: Financial Instruments:

- the simplified approach

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers and which do not contain a significant financing component

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

(n) Contributed equity

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.

(o) Employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Equity-settled compensation

The Group operates an employee option and performance rights plan. Share-based payments to employees are measured at the fair value of the instruments at grant date and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

The corresponding amounts are recognised in the share payment reserve and statement of profit and loss respectively. The fair value of options and performance rights are determined using the Black-Scholes or Binomial pricing model. The number of performance rights and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(p) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: purchase cost on a first-in/first-out basis; and
- Finished goods and work in progress: cost of direct materials and labour and a portion of manufacturing overheads based on the normal operating capacity but excluding borrowing 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.

(q) Non-current assets held for sale

These are assets that will be recovered principally through a sale transaction generally within one year from the date of classification. Non-current assets held for sale are valued at the lower of its carrying value and the fair value less costs to sell.

(r) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The directors have decided not to early-adopt any of the new and amended pronouncements. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

2. REVENUE FROM CONTINUING ACTIVITIES	***Consolidated 2021 $***	***Consolidated 2020 $***
Sales to customers [1]	8,035,137	5,188,280

[1] 100% of the group's revenue from external customers is recognised over time.

3. EXPENSES

Loss has been determined after the following specific expenses/revenue:		
- Amortisation of intangibles	493,231	77,550
- Auditing or reviewing the financial report	50,000	50,000
- Depreciation	3,903,980	1,590,639
- Impairment of ROU Assets	-	3,743,255
- Lease Liability write off	(3,302,433)	-
- Lease amortisation	599,555	1,197,751
- Lease interest charge	295,482	217,849
- Short term lease expense - rental	87,461	-
Employee benefits expense:		
- Annual leave	38,127	58,664
- Allowances	35,924	28,750
- Commissions / Bonuses	222,737	181,353
- Director's fees	216,292	196,885
- Fringe benefits tax	1,883	16,766
- Long service leave	-	-
- Payroll tax	181,497	145,308
- Recruitment	4,295	50,482
- Share based payments	183,967	604,692
- Staff onboarding, training & welfare	14,761	18,715
- Superannuation	285,133	354,230
- Wages	2,485,851	3,745,745
	3,670,467	5,401,590

4. INCOME TAX	***Consolidated 2021 $***	***Consolidated 2020 $***
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense	-	-
(b)The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Profit/(loss) from operations	(4,812,631)	(12,590,529)
Income tax expense (revenue) calculated at 25% (2020: 27.5%)	(1,203,158)	(3,462,395)
Tax effect of revenue losses not recognised	1,840,686	2,673,431
Tax effect of non-deductible expenditure	522,291	178,094
Tax effect of other non-assessable income	(193,942)	(252,493)
Tax effect of other deferred tax balances not recognised	(965,877)	863,363
	-	-

Income tax rate
The rate used in the above reconciliation is the corporate rate of 25% payable by the Australian base rate corporate entities for 2022 and future financial years.

(c) Deferred tax recognised at 25% (2020: 27.5%) (Note 1):		
Deferred tax liabilities		
Accrued income	(34)	(19,759)
Prepayment	-	-
Leased right of use asset	(2,101,899)	(2,249,706)
Deferred tax assets		
Carried forward revenue losses	2,101,933	2,269,465
Net tax deferred	-	-
(d) Unrecognised deferred tax assets at 25% (2020: 27.5%) (Note 1):		
Carried forward revenue losses	3,869,533	2,691,244
Capital raising costs	387,617	578,182
Provisions and accruals	65,497	92,707
Lease liability	2,126,970	3,271,074
Customer contracts	135,242	22,474
	6,584,859	6,655,681

(e) The tax benefits of the above Deferred Tax Assets will only be obtained if:

(i) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

(ii) the Group continues to comply with the conditions for deductibility imposed by law; and

(iii) no changes in income tax legislation adversely affect the Group in utilising the benefits.

5. AUDITOR'S REMUNERATION	**Consolidated 2021 $**	**Consolidated 2020 $**
Remuneration of the auditor Moore Australia Audit (WA)		
- Auditing and reviewing the financial statements of the Group	50,000	50,000

6. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends were paid during the period. No recommendation for payment of dividends has been made.

7. CASH AND CASH EQUIVALENTS	**Consolidated 2021 $**	**Consolidated 2020 $**
Current		
Cash at bank and on hand	1,663,955	3,592,472
	1,663,955	3,592,472

8. TRADE AND OTHER RECEIVABLES	**Consolidated 2021 $**	**Consolidated 2020 $**
Current		
Trade receivables [1]	666,018	330,878
Less: Provision for loss allowance/impairment	-	-
	666,018	330,878
GST receivable	-	49,996
Interest receivable	134	8,852
	666,152	389,726
[1] *Aging of gross carrying amounts due*		
0-30 days	574,598	306,074
30-60 days	91,420	23,957
60-90 days	-	-
90+ days	-	847
Loss allowance provision	-	-
Total	666,018	330,878

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

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.

Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 8. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

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

There has been no change in the estimation techniques used 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; for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two or more years past due, whichever occurs earlier. None of the trade receivables that have been written off are subject to enforcement activities.

The Group does not currently hold any collateral as security.

9. OTHER ASSETS	***Consolidated 2021 $***	***Consolidated 2020 $***
Current		
Prepayments	111,298	497,853
Deposits	13,556	13,556
	124,854	511,409

10 (a). NON-CURRENT ASSETS HELD FOR SALE	***Consolidated 2021 $***	***Consolidated 2020 $***
Non-Current Assets held for sale (net of impairment)	544,011	-
	544,011	-

10 (b). INVENTORIES / WORK IN PROGRESS	***Consolidated 2021 $***	***Consolidated 2020 $***
Materials and consumables	660,956	963,376
Work in progress - Customers [1] (Contract asset)	570,825	241,296
	1,231,781	1,204,672

[1] Relates to external customers

11. BANK GUARANTEES	***Consolidated 2021 $***	***Consolidated 2020 $***
9 Mumford Place, Balcatta WA [1]	-	76,000
5 Parkview Drive, Olympic Park, Sydney NSW [1]	495,000	507,128
286-292 Lorimer Street, Port Melbourne, Victoria [1]	500,000	504,713
3 Dampier Road, Welshpool, WA [1]	33,917	-
ANZ Chattel Finance Facility [2]	-	2,000,000
	1,028,917	3,087,841

[1] Relates to term deposits given to secure bank guarantees over leased premises. The bank guarantees are restricted cash.

[2] The term deposit is restricted cash and is provided as security for the ANZ Chattel Finance Facility per note 17.

12. PLANT AND EQUIPMENT	Consolidated 2021 $	Consolidated 2020 $
Plant and Equipment		
At cost	260,685	2,896,793
Accumulated depreciation	(116,195)	(464,102)
	144,490	2,432,691
DC Modules		
At cost	11,227,465	9,297,085
Accumulated depreciation	(4,608,445)	(1,114,648)
	6,619,020	8,182,437
ICT Hardware		
At cost	340,736	376,629
Accumulated depreciation	(259,378)	(139,543)
	81,358	237,086
Office Equipment		
At cost	61,126	86,104
Accumulated depreciation	(37,678)	(37,030)
	23,448	49,074
Motor Vehicles		
At cost	26,016	26,016
Accumulated depreciation	(8,780)	(5,528)
	17,236	20,488
Leasehold Improvements		
At cost	2,285,853	2,292,567
Accumulated depreciation	(469,702)	(91,436)
	1,816,151	2,201,131
Assets Under Construction		
At cost	-	16,880
Accumulated depreciation	-	-
	-	16,880
Total cost	***14,201,881***	***14,992,074***
Total accumulated depreciation	***(5,500,178)***	***(1,852,287)***
Total Written Down Value	***8,701,703***	***13,139,787***

12. PLANT AND EQUIPMENT (CONTINUED)

Movements in carrying amounts	Consolidated 2021 $	Consolidated 2020 $
Plant and Equipment		
Carrying amount at beginning of reporting period	2,432,691	2,639,695
Transferred to DC Modules	(1,576,537)	-
Transferred to Non Current assets held for Sale	(680,017)	-
Additions	11,137	75,626
Disposals	-	-
Depreciation expense	(42,784)	(282,630)
Carrying amount at end of reporting period	144,490	2,432,691
DC Modules		
Carrying amount at beginning of reporting period	8,182,437	-
Transferred from assets under construction	16,880	7,038,892
Transferred from Plant and Equipment	1,576,537	-
Additions	144,325	925,858
Acquisition of DC3	-	1,332,335
Depreciation expense	(3,301,158)	(1,114,648)
Carrying amount at end of reporting period	6,619,021	8,182,437
ICT Hardware		
Carrying amount at beginning of reporting period	237,086	95,693
Additions	-	225,300
Disposals	(1,106)	(2,627)
Depreciation expense	(154,622)	(81,280)
Carrying amount at end of reporting period	81,358	237,086
Office Equipment		
Carrying amount at beginning of reporting period	49,074	65,800
Additions	-	4,297
Disposals	(8,081)	-
Depreciation expense	(17,546)	(21,023)
Carrying amount at end of reporting period	23,447	49,074
Motor Vehicles		
Carrying amount at beginning of reporting period	20,488	23,740
Additions	-	-
Disposals	-	-
Depreciation expense	(3,252)	(3,252)
Carrying amount at end of reporting period	17,236	20,488

12. PLANT AND EQUIPMENT (CONTINUED)

	Consolidated 2021 $	Consolidated 2020 $
Leasehold Improvements		
Carrying amount at beginning of reporting period	2,201,131	548,315
Additions	-	1,740,622
Disposals	(362)	-
Depreciation expense	(384,618)	(87,806)
Carrying amount at end of reporting period	1,816,151	2,201,131
Assets Under Construction		
Carrying amount at beginning of reporting period	16,880	7,769,012
Additions	-	-
Transferred to DC Modules	(16,880)	(7,038,892)
Transferred to inventory	-	(713,240)
Disposals	-	-
Depreciation expense	-	-
Carrying amount at end of reporting period	-	16,880
Total	***8,701,703***	***13,139,787***

13. INTANGIBLES

	Consolidated 2021 $	Consolidated 2020 $
Non-Current		
Software at cost [1]	203,855	164,819
Accumulated amortisation	(93,282)	(49,368)
	110,573	***115,451***
Patents and Trademarks at cost [2]	36,480	36,480
Accumulated amortisation	(6,430)	(4,480)
	30,050	***32,000***
Software Development at cost [3]	494,031	272,526
Accumulated amortisation	-	-
	494,031	***272,526***
Customer Contracts [4]	1,342,104	1,342,104
Accumulated amortisation	(500,283)	(52,915)
	841,821	***1,289,189***
Goodwill [5]	25,541	25,541
Accumulated amortisation	-	-
	25,541	***25,541***

13. INTANGIBLES (CONTINUED)

Total cost	***2,102,011***	***1,841,470***
Total accumulated amortisation	*(599,995)*	*(106,763)*
Total Written Down Value	***1,502,016***	***1,734,707***

[1] Relates to acquired software and is amortised over a period of 3 years.

[2] Relates to patents and is amortised over the estimated useful life of the patents.

[3] Relates to the development costs spent to date on IoT software.

[4] Relates to the minimum contracted revenues / EBITDA in relation to the acquisition of DC Module assets of Data Centre 3 Pty Ltd from TasmaNet Pty Ltd and is amortised over a period of 3 years.

[5] Goodwill on the acquisition of assets and revenue of Data Centre 3 Pty Ltd from TasmaNet Pty Ltd.

14. RIGHT-OF-USE ASSETS / LEASE LIABILITIES

The Group's lease portfolio includes land and buildings only. These leases have varying lease terms ranging from 3 to 15 years and typically contain the option to renew the lease after that date.

The Group's weighted average incremental borrowing rate on 1 July 2020 applied to the lease liabilities was 8.5%.

Information about leases for which the Group is a lessee is presented below.

i. Right-of-use-assets

	2021
	$
Land & Buildings	
Balance at 1 July 2020	8,180,752
Depreciation expense	(599,555)
Tas01 Right of Use	826,401
Balance at 30 June 2021	8,407,598

ii. Lease liabilities

The measurement principles of AASB 16 are only applied from 1 July 2019. At the date of initial application, the right-of-use assets equals to the lease liabilities and there was no adjustment to the retained earnings. The lease liabilities are presented below:

14. RIGHT-OF-USE ASSETS / LEASE LIABILITIES (CONTINUED)

Balance at 1 July 2020	11,894,815
Payment	(1,206,386)
Melbourne Lease Liability reversal	(3,302,433)
Tas01 Lease Liability	826,401
Interest charges during period	295,482
Balance at 30 June 2021**	8,507,879

Lease Liability recognised as at 30 June 2021
Of which are:

Current Lease Liabilities	625,417
Non-current Lease Liabilities	7,882,462
** - closing balance includes make good obligations	8,507,879

iii. Amounts recognised in profit or loss

30 June 2021 – Leases under AASB 16	
Interest on lease liabilities	295,482
Depreciation charge	599,555
Lease Liability reversed [1]	3,302,433

[1] Liability reversal of the carrying value of the liability for the Melbourne data centre facility.

15. TRADE & OTHER PAYABLES

	Consolidated 2021 $	Consolidated 2020 $
Trade Creditors [1]	1,354,906	467,556
Other creditors & accruals [2]	271,601	151,050
GST Payable	102,614	-
Payroll liabilities	424,402	166,906
	2,153,523	785,512

Terms and conditions relating to the above financial instruments.

[1] Trade creditors are non-interest bearing and generally on 30 day terms.

[2] Other creditors are non-interest bearing have no fixed repayment terms.

For further details refer to note 25 Financial Instruments.

16. INCOME IN ADVANCE	***Consolidated 2021 $***	***Consolidated 2020 $***
Income in advance	387,556	734,573
	387,556	734,573

The above balance relates to amounts received in advance from external customers for the custom-built DXN data centre and cable landing station modules.

17. BORROWINGS	***Consolidated 2021 $***	***Consolidated 2020 $***
Current		
Chattel mortgage [1]	366,145	949,296
Export Finance Loan [2]	639,364	-
Insurance premium funding	54,765	55,026
Less: unexpired charges	(33,019)	(131,402)
	1,027,255	872,920
Non-Current		
Chattel mortgage [1]	628,384	2,615,697
Less: unexpired charges	(23,373)	(129,111)
	605,011	2,486,586

[1] $971,000 secured principal and interest chattel finance facility with ANZ bank to finance generators and chillers. The interest rate on the loan is 4.47% p.a

[2] $500,000 loan facility was drawndown with Export Finance in October 2020 with $136,363 outstanding at 30 June 2021.The interest rate was 6.53%. A second loan facility of $503,000 was drawndown with Export Finance in June 2021. Repayments will start in October 2021 with repayment of the loan in full due in December 2021.The interest rate on this loan 6.53%.

18. PROVISIONS	***Consolidated 2021 $***	***Consolidated 2020 $***
Current		
Annual Leave	181,290	143,162
	181,290	143,162

The Group currently has 29 employees including Directors.

19. INTERESTS IN SUBSIDIARIES

a) Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	*Principal Place of Business*	*Ownership Interest Held by the Group*		*Proportion of Non-controlling Interests*	
		2021	*2020*	*2021*	**2020**
		%	*%*	**%**	*%*
Tas01 Pty Ltd	Tasmania	100	100	-	-

b) Acquisition (Prior year 2020)

On 18 May 2020, the Parent Entity acquired the assets and revenue of Data Centre 3 Pty Ltd from TasmaNet Pty Ltd via a newly incorporated wholly-owned subsidiary, Tas01 Pty Ltd.

	Fair Value
Purchase consideration:	*$*
Cash	2,700,000
Less:	
Customer Contracts [1]	1,342,104
Property, plant and equipment	1,332,355
Identifiable assets acquired and liabilities assumed	2,674,459
Goodwill	25,541

[1] The directors believe the customer contracts are fully recoverable and no provision for impairment is required

No amount of the goodwill is deductible for tax purposes.

Revenue of Tas01 Pty Ltd included in the consolidated revenue of the Group in FY 2020 since the acquisition date on 18 May 2020 amounted to $101,876. Loss of Tas01 Pty Ltd included in consolidated loss of the Group in FY 2020 since the acquisition date amounted to ($25,944).

20. ISSUED CAPITAL	Consolidated 2021 $	Consolidated 2020 $
1,105,318,536 (2020:1,050,552,642) fully paid ordinary shares	40,345,107	39,604,052

(a) Movements in fully paid ordinary shares on issue	2021 $	2021 Number
At the beginning of the reporting period	39,604,052	1,050,552,642
Shares issued during the period:		
Issue of Shares on exercise of options at $0.02	204,859	10,242,970
Issue of Shares on exercise of performance rights	5,889	111,111
Shares subscribed for in placement at $0.012	528,000	44,000,000
Issue of shares on exercise of performance rights	21,826	411,813
Less: Capital raising costs	(19,519)	-
Balance at 30 June 2021	40,345,107	1,105,318,536

	2020 $	2020 Number
At the beginning of the reporting period	29,662,628	361,271,724
Shares issued during the period:		
Shares subscribed for in placement at $0.055	4,981,247	90,568,130
Shares subscribed for in placement at $0.01	5,921,799	592,179,856
Issue of shares on exercise of performance rights	343,514	6,532,932
Less: Capital raising costs	(1,305,136)	-
Balance at 30 June 2020	39,604,052	1,050,552,642

(b) Terms of Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

At shareholder's meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands. These fully paid ordinary shares have no par value.

(c) Capital risk management

Management controls the capital of the Group in order to maintain a prudent debt to equity ratio, provide the shareholders with adequate returns and ensure the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities supported by financial assets.

There are no externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Groups financial risks and adjusting it's capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

20. ISSUED CAPITAL CONTINUED

	30 June 2021 $	30 June 2020 $
Total Borrowings	1,632,266	3,359,506
Less Cash and Cash Equivalents	1,663,955	3,592,472
Net Debt/(Cash)	(31,689)	(232,966)
Total Equity	11,008,473	14,923,798
Total Capital	10,976,784	14,690,832
Net Debt/Equity Ratio	-0.29%	-2%

21. OPTION RESERVE

	Consolidated 2021 $	Consolidated 2020 $
683,936,886 (2020:824,076,111 options)	310,302	310,302

(a) Movements in listed options on issue:	2021 $	2021 Number
Options		
At the beginning of the reporting period	310,302	824,076,111
Options issued during the period:		
Options subscribed for as part of placement	-	22,000,000
Options exercised	-	(10,242,970)
Options cancelled	-	(2,500,000)
Options expired during the period	-	(149,396,255)
Balance at 30 June 2021	310,302	683,936,886

	2020 $	2020 Number
Options		
At the beginning of the reporting period	310,302	122,323,048
Options issued during the period:		
Options subscribed for as part of placement	-	682,747,986
Options issued to senior management (refer note 29)	-	19,500,000
Options issued as part of capital raise (refer note 29)	-	82,500,000
Options expired during the period	-	(82,994,923)
Balance at 30 June 2020	310,302	824,076,111

(b) Terms of Options

At the end of reporting period, there are 683,936,886 options over unissued shares as follows:

Expiry Date	*Exercise Price*	*Number of Options*
19 August 2021[1]	$0.10	5,000,000
19 August 2021	$0.10	7,500,000
31 December 2022	$0.10	7,500,000
30 April 2023	$0.03	22,000,000
18 May 2023	$0.02	641,936,886
		683,936,886

[1] *These options expired on 19 August 2021 and were not exercised*

22. SHARE BASED PAYMENTS RESERVE	***Consolidated 2021 $***	***Consolidated 2020 $***
Share based payments at the beginning of the year	710,403	11,621
Capital raising costs - options (refer note 29)	-	437,604
Employee equity settled transactions (refer note 29)	183,966	604,692
Reclassified to issued capital	(27,715)	(343,514)
Share based payments at the end of the year	866,654	710,403

23. ACCUMULATED LOSSES	***Consolidated 2021 $***	***Consolidated 2020 $***
Accumulated losses at the beginning of the reporting period	(25,700,959)	(13,110,430)
Net loss attributable to members	(4,812,631)	(12,590,529)
Accumulated losses at the end of the reporting period	(30,513,590)	(25,700,959)

24. RELATED PARTY DISCLOSURES

(a) Loans to key management personnel

There were no loans to key management personnel at the end of the period.

(b) Other transactions and balances with key management personnel

There were no transactions and balances with KMPs other their renumeration disclosed in the Renumeration report

24. *RELATED PARTY DISCLOSURES (CONTINUED)*

24 (c) Key management personnel compensation

	Consolidated 2021 $	Consolidated 2020 $
The key management personnel compensation comprised:		
Short term employment benefits	733,938	941,811
Bonus payments	51,851	48,750
Post-employment benefits	58,025	68,016
Termination payments	-	48,272
Share based payments	210,866	461,924
	1,054,680	1,568,773

Detailed remuneration disclosures are provided in the Remuneration Report on pages 17 to 25.

25. *FINANCIAL INSTRUMENTS*

Financial Risk Management Objectives and Policies

The Group has exposure to the following risks from their use of financial instruments:

(a) credit risk;

(b) liquidity risk;

(c) market risk; and

(d) Interest rate risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk. The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The Group's principal financial instruments comprise cash. The Group also has other financial instruments such as receivables and payables which arise directly from its operations. For the period under review, it has been the Group's policy not to trade in financial instruments.

Financial Instruments	Consolidated 2021 $	Consolidated 2020 $
Financial assets		
Cash and cash equivalents	1,663,955	3,592,472
Trade and other receivables	666,152	389,726
Bank guarantees	1,028,917	3,087,841
	3,359,024	7,070,039
Financial liabilities		
At amortised cost:		
Trade and other payables	2,153,523	785,512
Borrowings	1,632,266	3,359,506
Lease liabilities	8,507,879	11,894,815
	12,293,668	16,039,833

25. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above.

The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Board annually.

The Group does not have any significant credit risk exposure .

(b) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. The Group had $1.6m in bank facilities available, with $1.6m currently utilised and $0 in undrawn facilities at its disposal as at reporting date.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	***Less than 1 year***	***1-2 years***	***2-5 years***	***>5 years***	***Total contractual cash flows***	***Carrying Amount***
30 June 2021	***$***	***$***	***$***	***$***		***$***
Trade and other payables	2,153,523	-	-	-	2,153,523	2,153,523
Borrowings	1,027,255	350,248	254,763	-	1,632,266	1,632,266
Lease liabilities	625,417	758,793	2,047,790	5,075,879	8,507,879	8,507,879
Net maturity	***3,806,195***	***1,109,041***	***2,302,553***	***5,075,879***	***12,293,668***	***12,293,668***

Contractual maturities of financial liabilities	***Less than 1 year***	***1-2 years***	***2-5 years***	***>5 years***	***Total contractual cash flows***	***Carrying Amount***
30 June 2020	***$***	***$***	***$***	***$***		***$***
Trade and other payables	785,512	-	-	-	785,512	785,512
Borrowings	872,920	1,236,801	1,249,785	-	3,359,506	3,359,506
Lease liabilities	1,104,311	1,093,886	3,542,476	6,154,142	11,894,815	11,894,815
Net maturity	***2,762,743***	***2,330,687***	***4,792,261***	***6,154,142***	***16,039,833***	***16,039,833***

25. *FINANCIAL INSTRUMENTS (CONTINUED)*

(c) Market risk

The Group does not currently hold any financial instruments which are subject to these market risks. Market risk is the risk that changes in the market prices such as foreign exchange rates, and equity prices will affect the Group's income or value of its holdings of financial instruments. The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have acceptable credit ratings

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature. At 30 June 2021, the Group's cash/cash equivalents (note 7) and borrowings (note 17) are fixed interest rate instruments. Therefore, they are not subject to interest rate risk.

Fair value measurements

The fair values of cash, receivables, trade and other payables approximate their carrying amounts as a result of their short-term maturity.

26. EARNINGS PER SHARE	***Consolidated 2021 $***	***Consolidated 2020 $***
(a) Loss used in the calculation of basic and dilutive earnings per share for continuing operations	4,812,631	12,590,529
	Number of shares 2021	***Number of shares 2020***
(b) Weighted average number of ordinary shares outstanding during the reporting period used in calculation of basic and diluted earnings per share	1,069,101,004	489,941,094

27. CASH FLOW INFORMATION

(a) Reconciliation of cash flow from operations with loss from ordinary activities after income tax.

	Consolidated 2021 $	Consolidated 2020 $
Loss after income tax	(4,812,631)	(12,590,529)
Adjustment for;		
- Amortisation - intangibles	493,231	77,550
- Lease amortisation	599,555	1,197,751
- Lease interest charge	295,482	217,849
- Chattel Mortgage interest charge	130,855	29,687
- Depreciation	3,903,980	1,590,639
- Foreign exchange gain/loss	-	(79,190)
- Gain/loss on sale of plant and equipment	-	(7,843)
- Provision for doubtful debts	-	83,768
- Share based payment	183,967	604,692
- Lease liability reversal	(3,302,433)	-
- Impairment of assets	347,394	3,743,255
Changes in assets and liabilities		
- (Increase)/decrease in trade and other receivables	(271,400)	669,150
- (Increase)/decrease in prepayments	386,554	(86,591)
- (Increase)/decrease in inventory/Work in progress	(238,497)	84,314
- (Increase)/decrease in deposits	-	4,020
- Increase/(decrease) in trade and other payables	(168,876)	(1,101,209)
- Increase/(decrease) in income in advance	(347,018)	(526,539)
- Increase/(decrease) in provisions	38,128	58,663
Net cash flow used in operating activities	(2,663,541)	(6,030,563)

(b) Reconciliation of cash and cash equivalents

	Consolidated 2021 $	Consolidated 2020 $
Cash and cash equivalents comprises:		
Cash at bank and on hand	1,663,955	3,592,472
	1,663,955	3,592,472

(c) Acquisition of Entities

There was no acquisition of entities during the period.

(d) Non-cash financing and investing activities

There was no non-cash financing and investing activities during the period.

28. SEGMENT INFORMATION

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) in order to effectively allocate Group resources and assess performance.

The group has identified its operating segments based on internal reports that are reviewed and used by the Chief Executive Officer (CEO) in the capacity of CODM. Two operating segments have been identified:

- Data Centre Manufacturing
- Data Centre Operations

Year ended 30 June 2021	*Data Centre Manufacturing*	*Data Centre Operations*	*Other (Corporate)*	*Total*
Revenue from external customers	7,050,936	984,201	-	8,035,137
Other Income	-	43,696	4,572,973	4,616,669
Total Revenue	***7,050,936***	***1,027,897***	***4,572,973***	***12,651,807***
Profit / (loss) before income tax expense	***849,864***	***(5,166,389)***	***(496,106)***	***(4,812,631)***
Total segment assets	***2,639,828***	***18,463,810***	***2,767,349***	***23,870,987***
Total segment liabilities	***1,781,997***	***9,631,800***	***1,448,717***	***12,862,514***

Year ended 30 June 2020	*Data Centre Manufacturing*	*Data Centre Operations*	*Other (Corporate)*	*Total*
Revenue from external customers	5,070,234	118,046	-	5,188,280
Other Income	-	-	1,404,447	1,404,447
Total Revenue	***5,070,234***	***118,046***	***1,404,447***	***6,592,727***
Profit / (loss) before income tax expense	***(136,148)***	***(3,610,734)***	***(8,843,647)***	***(12,590,529)***
Total segment assets	***1,863,085***	***20,490,935***	***9,487,346***	***31,841,366***
Total segment liabilities	***1,010,593***	***11,496,961***	***4,410,014***	***16,917,568***

The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the period. 100% of the Group's revenue from external customers is recognised over time.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

Segment profit represents the profit earned by each segment without allocation of the share of central administration costs including directors' salaries, finance income, non-operating gains and losses in respect of financial instruments and finance costs, and income tax expense. This is the measure reported to the Group's Managing Director for the purpose of resource allocation and assessment of segment performance.

Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

28. SEGMENT INFORMATION (CONTINUED)

Major customers

The Group has a number of customers to which it provides services and products. The Group supplies 2 single external customers in the Data Centre Manufacturing segment which accounts for 25% and 22% of external revenue (2020: 21%, 18%, 15%). The next most significant customer accounts for 10% (2020:14%) of external revenue. Within the Data Centre Operations segment, the Group supplies one single external customers which accounts for 92% of external revenue (2020: 86%).

29. SHARE BASED PAYMENTS

(a) Recognised employee share based payment expenses

The expense recognised for employee services received during the period are as follows:

	Consolidated 2021 $	***Consolidated 2020 $***
Total expense rising from employee, consultant and Director share based payment transactions;		
- Performance rights & options	221,354	604,692
- Reversal of prior period expense following departures/terminations	(37,387)	-
	183,967	604,692

Performance Rights

No performance rights were granted during the year ended June 30 2021.The value of performance rights granted in previous periods was calculated using the Black-Scholes Option Pricing Model incorporating a Monte Carlo simulation. The performance right issue expense for FY2021 amounted to $123,492 (2020: $470,932). The values and inputs are as follows:

29. SHARE BASED PAYMENT (CONTINUED)

2020 Performance Rights	
Performance rights issued	9,300,000
Underlying share value	0.050-0.053
Exercise price of performance rights	Nil
Risk free interest rate	0.92-0.77%
Share price volatility	75%
Expiration periods	16 April 2020 to 30 June 2022
Probability of meeting milestone hurdle	100%
Valuation per performance right	0.050-0.053

The expected life of the performance rights is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

A summary of main vesting conditions are as follows:
Senior Executives
Milestones: DXN-SYD01 achieving either;
i. An annual gross equal to or in excess of $15,000,000;
Or ii. Filled capacity of 5 MW;or
iii. Sales equal to or in excess of 500 server racks; and Milestone 2: DXN modules achieving total sales equal to or in excess of $25,000,000 over a rolling 12-month period, both on or before 30 June 2022.

Sales Staff
Twelve (12) months from date of issue [1]
Twenty-four (@$) months from date of issue[1]
'1 These performance rights were later amended to date of employment rather than date of issue.

The performance rights were subscribed for nil consideration per performance right, and no performance rights have vested since the financial period. The reversal of prior period expense related to performance rights of a former employee amounted to $16,635

(b) Equity-settled share based payments

Options issued to CEO - 2021
During the period, the Group granted no options to the CEO.

Options issued to CEO – 2020
On 19 August 2019, the Group issued three (3) tranches of options to senior management;
i) 3,750,000 options exercisable at $0.10 on or before 19 August 2020
ii) 5,000,000 options exercisable at $0.10 on or before 19 August 2021
iii) 7,500,000 options exercisable at $0.10 on or before 19 August 2022

The first tranche of options expired without them being exercised on 19 August 2020, and the second tranche of options have also expired subsequent to year end, without them being exercised on 19 August 2021.

Inputs for measurement of issue date fair value

Options
The options were issued during the financial period and were provided at no cost to the recipient.

Tranche 1

The expense during the year ended 30 June 2021 amounted to $5,686 (2020: $35,938). The values and inputs are as follows:

29. SHARE BASED PAYMENTS (CONTINUED)

Options – 19 August 2020 ($0.10)	
Options issued	3,750,000
Underlying share value	$0.05
Exercise price of options	$0.10
Risk free interest rate	1%
Expected future volatility	75%
Dividend yield	0%
Expiration period	19-Aug-20
Valuation per option	$0.011

Tranche 2

The expense during the year ended 30 June 2021 amounted to $40,181 (2020: $34,787). The values and inputs are as follows:

Options – 19 August 2021 ($0.10)	
Options issued	5,000,000
Underlying share value	$0.05
Exercise price of options	$0.10
Risk free interest rate	1%
Expected future volatility	75%
Dividend yield	0%
Expiration period	19-Aug-21
Valuation per option	$0.016

Tranche 3

The expense during the year ended 30 June 2021 amounted to $51,995 (2020:$45,015). The values and inputs are as follows:

Options – 19 August 2022 ($0.10)	
Options issued	7,500,000
Underlying share value	$0.05
Exercise price of options	$0.10
Risk free interest rate	1%
Expected future volatility	75%
Dividend yield	0%
Expiration period	19-Aug-22
Valuation per option	$0.02

29. SHARE BASED PAYMENTS (CONTINUED)

On 28 October 2019, the Group issued three (3) tranches of options to senior management;

i) 750,000 options exercisable at $0.10 on or before 28 October 2020

ii) 1,000,000 options exercisable at $0.10 on or before 28 October 2021

iii) 1,500,000 options exercisable at $0.10 on or before 28 October 2022

The first tranche of options expired without them being exercised on 28 October 2020, and the second and third tranche of options were cancelled on 31 May 2021, pursuant to the terms and conditions under which they were issued. The reversal of prior period expense related to these options during the year ended 30 June 2021 amounted to $18,020.

Inputs for measurement of issue date fair value

Tranche 1

The options were issued during the prior financial period and were provided at nocost to the recipient.

Options – 28 October 2020 ($0.10)	
Options issued	750,000
Underlying share value	$0.06
Exercise price of options	$0.10
Risk free interest rate	1%
Expected future volatility	75%
Dividend yield	0%
Expiration period	28-Oct-20
Valuation per option	$0.01

Tranche 2

The values and inputs are as follows:

Options – 28 October 2021 ($0.10)	
Options issued	1,000,000
Underlying share value	$0.06
Exercise price of options	$0.10
Risk free interest rate	1%
Expected future volatility	75%
Dividend yield	0%
Expiration period	28-Oct-21
Valuation per option	$0.02

Tranche 3

The values and inputs are as follows:

Options – 28 October 2022 ($0.10)	
Options issued	1,500,000
Underlying share value	$0.06
Exercise price of options	$0.10
Risk free interest rate	1%
Expected future volatility	75%
Dividend yield	0%
Expiration period	28-Oct-22
Valuation per option	$0.02

Options issued as part of capital raise

2021

On 15 April 2021, the Group issued 22,000,000 free attaching options exercisable at $0.03 on or before 30 April 2023 as part of the placement to a new institutional investor. These options are valued at $Nil given they are a part of a placement.

29. SHARE BASED PAYMENTS (CONTINUED)

2020

On 11 November 2019, the Group issued 15,000,000 options exercisable at $0.10 on or before 11 November 2020 to a consultant for raising capital costs as part of a capital placement.

The value of the options issued during the period was calculated using a binomial option pricing model and totalled Nil (2020: $103,617). The values and inputs are as follows;

Options – 11 November 2020 ($0.10)	
Options issued	15,000,000
Underlying share value	$0.06
Exercise price of options	$0.10
Risk free interest rate	1%
Expected future volatility	75%
Dividend yield	0%
Expiration period	11-Nov-20
Valuation per option	$0.007

On 7 January 2020, the Group issued 7,500,000 options exercisable at $0.10 on or before 31 December 2022 to a consultant for capital raising costs as part of a capital placement.

The value of the options issues during the period was calculated using a binormal option pricing model and Nil (2020:$113,413). The values and inputs are as follows:

Options – 31 December 2022 ($0.10)	
Options issued	7,500,000
Underlying share value	$0.05
Exercise price of options	$0.10
Risk free interest rate	1%
Expected future volatility	75%
Dividend yield	0%
Expiration period	31-Dec-22
Valuation per option	$0.015

On 19 May 2020, the Group issued 60,000,000 options exercisable at $0.2 on or before 18 May 2023 to a consultant as a part of placement.

The value of the options issued during the period was calculated using a binomial option pricing model and totalled Nil (2020: $220,568). The values and inputs are as follows:

Options – 31 December 2022 ($0.10)	
Options issued	60,000,000
Underlying share value	$0.01
Exercise price of options	$0.02
Risk free interest rate	0.3%
Expected future volatility	75%
Dividend yield	0%
Expiration period	18-May-23
Valuation per option	$0.00367

29. SHARE BASED PAYMENTS (CONTINUED)

	Number	Weighted Average Exercise Price
Options outstanding as at 4 August 2017	-	-
Options subscribed for	32,500,000	$0.30
Convertible noteholder options	6,828,125	$0.30
Options outstanding as at 30 June 2018	***39,328,125***	***$0.30***
Options issued as part of placement	82,994,923	$0.10
Options outstanding as at 30 June 2019	***122,323,048***	***$0.165***
Options issued to senior executives	19,500,000	$0.10
Options issued as part of placement	113,068,130	$0.10
Options issued as part of placement	652,179,856	$0.02
Options expired during the period	(82,994,923)	$0.10
Options outstanding as at 30 June 2020	***824,076,111***	***$0.046***
Options exercised during the period	(10,242,970)	$0.02
Options expired during the period	(110,068,130)	$0.10
Options expired during the period	(39,328,125)	$0.30
Options cancelled during the period	(2,500,000)	$0.10
Options issued during the period as a part of placement	22,000,000	$0.03
Options outstanding 30 June 2021	***683,936,886***	***$0.02***

30. EVENTS SUBSEQUENT TO REPORTING DATE

On 9 September 2021, the Company entered into a binding share and unit sale agreement to purchase 100% of a data centre in Darwin, Northern Territory, for a purchase price of ~$4.6 million in cash and $200,000 worth of shares in the Company. $850,000 of the purchase price will be retained to cover any warranty claims associated with the acquisition. Subject to any warranty claims, the retention amount will be paid one year after settlement.

On 9 September 2021, the Company announced it has executed a binding term sheet for a new four year secured $4 million debt facility with Pure Asset Management to support the acquisition of the Darwin Data Centre and the Company's future growth strategies.

On 9 September 2021, the Company announced it would undertake a Share Purchase Plan to existing shareholders to raise up to $1.5 million, with the offer closing on 30 September 2021.

On 10 September 2021 the Company completed a placement for ~$1.64 million through a placement to strategic investor DC Alliance Pte Ltd and sophisticated investors.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

31. CONTINGENT LIABILITIES

A contingent liability of $3.3m has been recorded as at 30 June 2021, relating to the lease dispute for the Melbourne data centre site. There are currently legal proceedings on foot between the landlord of the Lorimer Street property and the Company in which the landlord is claiming unpaid rent since April 2021. The Company has brought a claim alleging that the landlord repudiated the lease, the lease has been terminated and the Company has no ongoing liability to pay rent. In addition, the Company has sued the landlord for loss and damage arising as a result of alleged breaches of the lease by the landlord. Rent has been characterised as a contingent liability pending determination or resolution of the dispute.

32. COMMITMENTS

Capital expenditure commitments	***Consolidated 2021 $***	***Consolidated 2020 $***
No later than 1 year	-	53,449
Between 1 and 2 years	-	-
Greater than 2 years	-	-
	-	53,449

Chattel Mortgage Commitments	***Consolidated 2021 $***	***Consolidated 2020 $***
Payable – minimum payments:		
– not later than 1 year	366,145	1,004,321
– between 1 and 5 years	628,384	2,615,697
Minimum payments	994,529	3,620,018
Less future finance charges	(56,391)	(260,512)
Present value of minimum payments	938,138	3,359,506

33. COMPANY DETAILS

The registered office address is;
5 Parkview Drive
Sydney Olympic Park NSW 2127

The principal place of business address is:
3 Dampier Road
Welshpool WA 6106

Other business addresses in Australia are;
40-50 Innovation Drive
Dowsing Point Tasmania 7010

DIRECTORS' DECLARATION

The directors declare that:

1. The financial statements, notes and additional disclosures included in the Directors' report and designated as audited, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards and Corporations Regulations 2001;

   (b) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the period ended on that date;

   (c) the financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements.

2. The Chief Executive Officer and Chief Financial Officer have declared that:

   (a) the financial records of the Group for the financial period have been properly maintained in accordance with section 295A of the Corporations Act 2001;

   (b) the financial statements and notes for the financial period comply with Accounting Standards; and

   (c) the financial statements and notes for the financial period give a true and fair view.

3. In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

John Baillie
Non-Executive Chairman

Dated this 30th day of September 2021

Moore Australia Audit (WA)

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DXN LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of DXN Ltd (the "Company") and its controlled entity (the "Group") which comprises the consolidated statement of financial position as at 30 June 2021, 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 the Group is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

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

We are independent of the Group in accordance with the auditor independence requirements of 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.

Emphasis of Matter - Material Uncertainty Related to Going Concern

Without modification to our opinion expressed above, we draw attention to Note 1 "Going Concern" of the financial statements which states that the financial statements have been prepared on a going concern basis. Should the Company be unable to achieve the funding and operational outcomes described in Note 1 and continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts other than as stated in the financial report.

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 year. 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.

Key Audit Matters (continued)

Customer contracts – revenue recognition, valuation of works in progress (WIP), trade accounts receivable and income received in advance

Refer to Notes 1(k) Revenue Recognition, 8 Trade & Other Receivables, 10(b) Work in Progress & 16 Income In Advance

For the year ended 30 June 2021, a significant portion of the Group's revenue is derived from the sales of DXN Modules. At balance date, DXN Module-related Works in Progress (WIP) balance was $0.57 million, trade debtors were $0.66 million and income in advance was $0.39 million.

The accurate recording of revenue is highly dependent upon the following key factors:

- Knowledge of the individual characteristics and status of contracts.
- Management's invoicing process including
  - Accurate measurement of work done based on the Module build's stage of completion
  - Invoices prepared in compliance with contract terms and conditions described in the contract, provided they fulfil the criteria of AASB 15 Revenue from Contracts with Customers.
  - Recognition of any variations in accordance with contractual terms and based on an assessment as to when the Group believes it is highly probable that a significant reversal in revenue recognised will not occur.

We focused on this matter as a key audit matter due to the significance of contract-based revenue to the Group combined with the need to comply with a variety of contractual conditions, leading to judgemental risk associated with revenue recognition.

Our procedures included among others:

- Obtained an understanding of the processes and relevant controls relating to accounting for customer contracts to ensure compliance with AASB 15
- Read significant customer contracts to understand the terms/conditions and their revenue recognition impact, & accuracy of income in advance.
- Tested the accuracy and completeness of contracting revenue and related cost of sales to supporting documentation on a sample basis
- Performed cut-off testing on revenue and income in advance to ensure they were recorded accurately and in the appropriate reporting period
- Examined costs included within WIP balances on a sample basis by verifying the amounts to source documentation and tested its recoverability through subsequent invoicing (if applicable), discussions with management & review of other supporting evidence
- Reviewed ageing of trade receivables and & testing its recoverability to subsequent receipts. We also reviewed Board minutes and other documents concerning any expected credit loss
- Reviewed the relevant disclosures contained in the financial statements.

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Key Audit Matters (continued)

Plant & Equipment - Carrying values of Plant & Equipment & Non-Current Assets Held for Sale	
Refer to Note 10(a) Non-Current Assets Held for Sale and Note 12 Plant & Equipment	
At 30 June 2021, total Plant and Equipment amounted to \$8.7 million (representing the Group's single largest asset) which comprised 2 core categories, namely: • DC Modules \$6.62 million (76%) & • Leasehold improvements \$1.82 mill (21%) Of the DC Modules carrying value of \$6.62 million, \$5.44 million relates to DXN-SYD01 while \$1.18 million refers to DXN-TAS01. Leasehold improvements of \$1.82 million predominantly relate to DXN-SYD01. The Group also held \$0.54 million in excess plant and equipment for sale at balance date (Note 10a). Given the relative infancy of the Group's operations, particularly in relation to DXN-SYD01, we were unable to rely on forecast cash flows as a reliable estimate of this asset's value-in-use. The fixed assets of DXN-SYD01 including those held for sale were subject to a professional independent valuation during the year to ensure their carrying book values were not higher than their recoverable amounts (market value) pursuant to AASB 136 Impairment and AASB 5 Non-current Assets Held for sale and Discontinued Operations. The carrying values of these assets were considered key audit matters given the significance of these assets to the Group and the judgement involved in the assessment of impairment.	Our procedures included the following: • Testing expenditures related to capitalised costs during the year on a sample basis against supporting documentation such as supplier invoices to ensure expenditures are appropriately recorded in accordance with AASB 116 Property Plant & Equipment • Evaluation of the independent professional valuation of DXN-SYD01 including the external expert's competence, capabilities, and objectivity. We also assessed the methodology adopted by the expert to estimate market values and considered the appropriateness of any critical assumptions adopted by the expert. • Checking, on a sample basis, the accuracy and relevance of the input data provided by management to the external valuer. • Held discussions with management concerning excess core capital assets which management assert can either be sold on a standalone basis (non-current assets held for sale) or fully utilised in the future expansion of DXN-SYD01. • Based on the independent valuation, an impairment of \$136K was recognised for the Non-current Assets Held for Sale. • In addressing the existence assertion for major assets located at DXN-SYD01, we noted DXN-SYD01 was physically inspected by the independent valuer during the year. Their inspection also extended to the non-current assets held for sale. • Reviewed the relevant disclosures contained in the financial statements

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Key Audit Matters (continued)

Contingent Liabilities / Reversal of Lease Liability	
Refer to Note 14 Right of Use Assets/Lease Liabilities and Note 31 Contingent Liabilities	
As detailed in the Directors' Report and Note 31, the Company is party to a legal dispute regarding the lease of the Melbourne property. Based on advice received by the Company's legal advisors, management has exercised significant judgment in respect of reversing the associated lease liability to profit and loss (per Note 14) and the classification of the dispute as a contingent liability. This is considered a key audit matter given the significance of the dispute and the material adjustment adjudged by management to be appropriate.	Our procedures included the following: • Holding discussions with the Board, management and the Company's legal advisors regarding their views on this significant legal matter; • Issuing requests for confirmation of the litigation to the Company's legal advisors. We assessed the correspondence received by comparing this to our understanding of views expressed by management and the Board, and the consistency of facts and conditions gathered across our work; • Reviewing the correspondence between the stakeholders • Assessing whether the status of the claim meets the definition of a liability or a contingent liability in accordance with Australian Accounting Standards We also assessed the appropriateness of the related disclosures in Note 31 of the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 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, 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.

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 are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend 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 at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our audit report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of DXN Limited, for the year ended 30 June 2021 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.

MOORE AUSTRALIA

SUAN LEE TAN
PARTNER
Signed at Perth on the 30th day of September 2021

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

CORPORATE GOVERNANCE STATEMENT

1.1. Roles and Responsibilities of Board and Management

THE ROLE OF THE BOARD AND DELEGATIONS

The Board is accountable to shareholders for the activities and performance of DXN by overseeing the creation of sustainable shareholder value within an appropriate risk framework and having regard for stakeholder interests and community expectations.

The Board is responsible for setting DXN's vision and strategy. DXN's vision is to bring critical communication infrastructure closer to our customers. We will be the preferred partner of EDGE infrastructure owners and developers supplying, operating and maintaining physical EDGE infrastructure, networks and maintenance products and services. This is a long-term vision and the Board sets strategic priorities each year to work towards fulfilling this vision.

Directors are actively involved in setting, approving and regularly monitoring DXN's strategic priorities and holding management accountable for progress.

This process includes one annual Board strategy offsite, regular Board reporting and meetings, and discussion and review with management. Similarly, the Board ensures that rigorous governance processes operate effectively to guide decision making across the business.

The Board's responsibilities are set out in the Board Charter, which is available at: Corporate Governance Plan

The Board's role and responsibilities include:

- establishing, promoting and maintaining the strategic direction of DXN;
- approving business plans, budgets and financial policies;
- considering management recommendations on strategic business matters;
- establishing, promoting and maintaining proper processes and controls to maintain the integrity of accounting and financial records and reporting;
- fairly and responsibly rewarding executives, having regard to the performance of the executives, DXN's risk management framework and culture, the interests of shareholders, market conditions and DXN's overall performance;
- adopting and overseeing of implementation of corporate governance practices;
- overseeing the establishment, promotion and maintenance of effective risk management policies and processes;
- reviewing Board composition and performance;
- appointing, evaluating and remunerating the Chief Executive Officer (CEO) and approving the appointment of the Chief Financial Officer (CFO) and Company Secretary; and
- determining the CEO's delegated authority.

The Board has established committees to assist in carrying out its responsibilities and to consider certain issues and functions in detail.

The Board committees are discussed at section 1.3.

MANAGEMENT RESPONSIBILITY

The Board has delegated to the CEO the authority and powers necessary to implement the strategies approved by the Board and to manage the business affairs of DXN within the policies and delegation limits specified by the Board from time to time. The CEO may delegate authority to management but remains accountable for all authorities delegated to management.

1.2. Directors' Skills Matrix

The Board has determined that its current members have an appropriate collective mix of skills, experience and expertise to:

- exercise independent judgement;
- have a proper understanding of, and competence to deal with, current and emerging issues of the business;
- encourage enhanced DXN performance; and
- effectively review and challenge the performance of management.

The Board's competencies are assessed annually and the results of the most recent (August 2021) assessment are shown in the table below.

Areas of expertise/leadership qualities	**Average Self-Assessment Rating***
Administration	3
Capital raising expertise	3.5
Early stage companies/start-ups	4
Financial oversight/audit expertise	3.25
Government	2.75
Leadership skills	4.25
Legal	2.75
Marketing, public relations	3.5
Mergers & acquisitions	3.5
Human resources/compensation expertise	3.25
Industry knowledge/expertise	3.25
Operational expertise	3.75
Risk management expertise	3.25
Strategic planning	4.5
Sales	4.5
Technology	3.75

*Self-assessment rating from 1 to 5, with 1 being the lowest and 5 being the highest.
Given the relatively small size of the Board at present the Board skills matrix shows some skill gaps. The Board will consider adding Non-Executive Directors with complementary skills to augment, add perspective and to help improve diversity on the Board.

1.3. Board Committees

To assist it in undertaking its duties, the Board has established the following standing committees:

- Audit & Risk Committee; and
- Nomination & Remuneration Committee.

Each committee has its own charter, copies of which are available at: Corporate Governance Plan

The charters specify the composition, responsibilities, duties, reporting obligations, meeting arrangements, authority and resources available to the committees and the provisions for review of the charter.

Details of Directors' membership of each committee and those eligible members' attendance at meetings throughout the period from 1 July 2020 to 30 June 2021 are set out below.

During the period, 11 meetings of directors were held. Attendances by each director during the period were as follows:

	Directors' Meetings		**Audit & Risk**		**Nomination & Remuneration**	
Directors	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**
John Baillie	11	11	3	3	1	1
Richard Carden	11	11	3	3	1	1
John Dimitropoulos (appointed 1 October 2020)	8	8	1	1	1	1
Matthew Madden (appointed 26 August 2020)	9	9	2	2	-	-
John Duffin (resigned 26 August 2020)	2	-	-	-	-	-

1.4. Risk Management Framework

DXN's Board is responsible, in conjunction with senior management, for the management of risks associated with the business and implementing structures and policies to adequately monitor and manage these risks.

The Board has established the Audit & Risk Committee (ARC) to assist in discharging its risk management responsibilities. In particular, this committee assist the Board in setting the appropriate risk appetite and for ensuring that there is an effective risk management framework that is able to manage, monitor and control the various risks to which the business is exposed.

On a day-to-day basis, the CEO, has the responsibility for monitoring the implementation of the risk framework, including the monitoring, reporting and analysis of the various risks faced by the business, and providing effective challenges to activities and decisions that may materially affect DXN's risk profile.

DXN has a robust risk management framework which supports its operating segments, and its risk appetite distinguishes risks from which DXN will seek to make an economic return from those which it seeks to minimise and which it does not consider will provide a return. The management of these risks is fundamental to DXN's business, customers and to building long-term shareholder value.

In addition to having a separate risk management function, DXN recognises that a requirement for an effective risk management framework is for there to be a strong risk culture throughout the organisation, where risk is everybody's business. The foundation of this risk culture is a set of values, the DXN values. All employees are assessed against the DXN values as part of the annual performance review process, and this outcome contributes to the overall performance rating and remuneration outcomes. In addition to this, DXN regularly assesses its risk culture through external audits to ensure that the management of risk and day-to-day compliance remains entrenched within the way in which DXN operates. The Board is responsible for setting and monitoring the risk appetite for DXN when pursuing its strategic objectives. The Board's approach to, and appetite for risk provides that, subject to earning acceptable economic returns, it can retain exposure to credit risk, liquidity risk and market risk.

- Credit default risk – is the risk of loss in the value of an asset due to a counterparty failing to discharge its contractual obligations when they fall due;
- Liquidity risk – is the potential impact of DXN's short, medium and long-term funding and liquidity management requirements; and
- Market risk - is the risk that changes in the market prices such as foreign exchange rates, interest rates and equity prices will affect DXN's income or value of its holdings of financial instruments.

DXN seeks to minimise or hedge the risks for which it does not consider an appropriate return can be generated.

These risks include:

- Foreign exchange risk – is the risk of a change in asset values as a result of movements in foreign exchange rates;
- Inflation risk – is the risk of a change in asset values and DXN's earnings as a result of movements in inflation both in Australia and jurisdictions in which DXN owns assets;
- Operational risk – is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events; and
- Regulatory and compliance risk – is the risk of legal or regulatory sanctions or loss as a result of DXN's failure to comply with laws, regulations or regulatory policy applying to its business.

ADDITIONAL SHAREHOLDER INFORMATION

SHAREHOLDING

The distribution of members and their holdings of equity securities in the Company as at 19 September 2021 were as follows:

	Class of Equity Securities
Number Held as at 19 September 2021	**Fully Paid Ordinary Shares**
1- 1,000	28
1,001 - 5,000	16
5,001 – 10,000	17
10,001 - 100,000	1,098
100,001 and over	1,154
TOTALS	**2,313**

Holders of less than a marketable parcel: 497

Substantial Shareholders

The names of the substantial shareholders listed in the Company's register as at 19 September 2021:

Shareholder	**Number**
DC Alliance Pte Ltd	138,888,889
SG Hiscock & Company	94,884,309

Voting Rights

Ordinary Shares

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

On-market buyback

There is no current on-market buy-back.

Unquoted Securities

Securities	Number of Securities	Number of Holders	Holders with more than 20%
Options – 19 August 2022	7,500,000	1	Mr Matthew Madden – 100%
Options – 31 December 2022	7,500,000	1	Canaccord Genuity (Australia) Limited – 100%
Options – 30 April 2023	22,000,000	1	Armytage Private Pty Ltd – 100%
Performance Rights	14,711,813	3	Ms Shalini Lagrutta – 58.5% and Mr Matthew Madden – 40.8%

Twenty Largest Shareholders

The names of the twenty largest ordinary fully paid shareholders as at 19 September 2021 are as follows:

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
DC Alliance Pte Ltd	138,888,889	10.78
HSBC Custody Nominees (Australia) Limited	136,612,961	10.61
Mr Andrew Walsh	50,500,000	3.92
National Nominees Limited	48,990,215	3.80
Altor Capital Management Pty Ltd <Altor Alpha Fund A/C>	27,107,411	2.10
Mr Brendan Erin Joseph Power	25,000,000	1.94
Mr Malcolm John McClure	21,400,000	1.66
Mr Thiam Huat Low	20,900,000	1.62
Citicorp Nominees Pty Ltd	20,220,036	1.57
BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	15,322,435	1.19
Mrs Kim Sorensen <Sorensen Family A/C>	11,671,929	0.91
Mrs Hemangee Adjit Joshi & Mr Ajit Bhalchandra Joshi	11,286,327	0.88
Estate of Mr Robert Steel Renton	9,600,000	0.75
Chelseref Pty Ltd	9,200,000	0.71
Mr Jason Andrew Chan	8,000,000	0.62
J P Morgan Nominees Australia Pty Ltd	7,500,000	0.58
Thang Pty Ltd	6,500,000	0.50
DXN Limited <Unmarketable Parcel A/C>	6,500,000	0.50
Mr Ross Ellwood Shannon & Mrs Ruth Shona Shannon & Shannon Trustee Company Ltd	6,483,503	0.50
ZW 2 Pty Ltd	6,066,990	0.47
TOTAL	**587,750,696**	**45.61**

Option Holders

The distribution of members and their holdings of listed options in the Company as at 19 September 2021 were as follows:

	Class of Equity Securities
Number Held as at 19 September 2021	**Listed options exercisable at $0.02 on or before 18 May 2023**
1- 1,000	4
1,001 - 5,000	9
5,001 – 10,000	2
10,001 - 100,000	116
100,001 and over	330
TOTALS	**461**
Holders of less than a marketable parcel:	145

Twenty Largest Option Holders

The names of the twenty largest listed option holders as at 19 September 2021 are as follows:

Name	**Number of Listed Options exercisable at $0.02 on or before 18 May 2023 Held**	**% Held of Listed Options**
National Nominees Pty Ltd	85,000,000	13.24
HSBC Custody Nominees (Australia) Limited	47,546,013	7.41
Mr Brendan Erin Joseph Power	25,000,000	3.89
Jorac Pty Ltd	23,975,249	3.73
Thang Pty Ltd	17,500,000	2.73
Mr Bilal Ahmad	17,043,229	2.66
Mr Aaron Yuk Leung Chan	15,000,000	2.34
Smart Capital Investments Pty Ltd <Smart Capital Invest A/C>	13,702,420	2.13
Mr Malcolm John McClure	12,390,000	1.93
Mrs Kim Sorensen <Sorensen Family A/C>	11,934,134	1.86
Mr Andrew Walsh	10,356,622	1.61
Mr Salim Panjwani & Miss Shailee Oza	10,017,075	1.56
Mr Vimal Ramesh Adnani	8,124,975	1.27
Thang Pty Ltd <BCY Hui Super Fund A/C>	6,800,000	1.06
Ms Limei Chen	6,500,000	1.01
Light Family Holdings Pty Ltd <Light Family Super Fund A/C>	6,300,000	0.98
Three Zebras Pty Ltd <The Judd Family A/C>	6,000,000	0.93
Ms Sigrid-Eva Munzel & Mr Dieter Ernst Paussa <Reefpac S/F A/C>	5,771,088	0.90
Mr Bernard Choon Yin Hui	5,500,000	0.86
Mr Christopher Bright	5,468,495	0.85
TOTAL	**339,929,300**	**52.95**

COMPANY SECRETARY

The name of the Group Secretary is George Lazarou.

ADDRESS AND TELEPHONE DETAILS OF THE ENTITY'S REGISTERED AND ADMINISTRATIVE OFFICE

5 Parkview Drive
Sydney Olympic Park NSW 2127
Telephone: 1300 328 239

ADDRESS AND TELEPHONE DETAILS OF THE OFFICE AT WHICH A REGISTER OF SECURITIES IS KEPT

Automic Pty Ltd
Level 2
267 St Georges Terrace
PERTH WA 6000
Telephone: 1300 288 664

SECURITIES EXCHANGE ON WHICH THE GROUP'S SECURITIES ARE QUOTED

The Group's listed equity securities are quoted on the Australian Securities Exchange.

DXN

MAKING GLOBAL LOCAL