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2023

Annual Report



# 2023 Annual Report

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# Company Overview

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# Systems technology for the modern transport industry.



 The Transit Technology People.



## Company Overview

*DTI supports the transport industry through the engineering, delivery, and support of world-leading telematics, CCTV, video analytics, and passenger information solutions.*

Our customers include transit agencies, vehicle operators and owners, vehicle manufacturers, and law enforcement agencies. Our product range includes vehicle-based servers, recording equipment, passenger counting equipment, driver and passenger information displays, fleet management systems – all integrated with best-in-class vehicle and back-office software. DTI provides extensive installation, maintenance, monitoring and managed services.

# The Transit Technology People

## Board of Directors

### GREG PURDY

*Non-Executive Chairperson*



Mr. Purdy is an experienced corporate executive in the technology and communications sectors and has led major technology projects throughout his career. Mr. Purdy is a former senior executive with NTT Data, Hewlett Packard, Telstra, and the Tenix Group.

### STEVE GALLAGHER

*Non-Executive Director*



Mr. Gallagher has experience in industrial automation, building technology, power systems and payment solutions and has held senior executive positions with a range of engineering technology companies including Vix Technology, ERG Ltd and Siemens AG. More recently Steve has been a director of several listed and public companies including Hong Kong listed CCRTT, Optal Ltd, Vix Technology Ltd, KubaPay, Littlepay, Orbital UAV and Snapper Services.

### ANDREW LEWIS

*Non-Executive Director*



Mr. Lewis was appointed to the Board on 16 October 2018. Mr. Lewis holds a Bachelor of Economics from Monash University and has a background in real estate, hospitality and project management and currently holds a senior management position with Morris Group, a privately held business operating across the tourism, hospitality, renewable energy, finance, technology, and aviation sectors.

### CHRIS AFENTOULIS

*Non-Executive Director*



Mr. Afentoulis was appointed to the Board on 19 November 2019. Mr. Afentoulis is a qualified chartered accountant and a graduate of the Australian Institute of Company Directors. With more than 16 years' experience in professional services and senior executive positions including finance, management, and corporate strategy with multiple IT service and technology companies.

### PAUL GILLESPIE

*Non-Executive Director*



Mr. Gillespie joined the Board in November 2022 and has over 20 years of experience in the Smart Parking and Transportation marketplace where he has held several leadership positions. Mr. Gillespie is currently the Managing Director and CEO of ASX listed, Smart Parking, (ASX:SPZ), a position he has held since January 2013. Before joining Smart Parking, Paul was a leading figure in the UK parking industry, having held senior positions at Xerox Parking Services where he was successful in leading two business units providing hardware and software solutions to a variety of public and private organisations.

# The transport technology partner of choice

## Chairperson's Message

Dear shareholders

***I am pleased to report that DTI achieved several important business strategy milestones during the financial year. These deliverables have laid the groundwork, securing a future for DTI to grow its customer base and revenue over the coming years.***

FY23 was an exciting year full of innovation successes and complex market challenges that required strong leadership to navigate. The first half of FY23 saw the arrival of our latest generation on vehicle server, the CDR, a device that was developed fully in house and puts DTI back in front of the vehicle market. Global shortages of semi-conductors and other electronic components have been adversely impacting customer delivery during the recent global pandemic impacted years. The second half of FY23 saw significant stabilisation in DTI Group's supply chain which allowed the company to improve the delivery of products and services to its client base.

Complex market challenges from a range of macro-economic and geopolitical challenges did have an impact in FY23 including some tightening in public sector budgets, persistent inflationary pressures, and sub-optimal international trade flows. The efficiency initiatives implemented by the DTI senior leadership team lessened the adverse impact of these challenges on margin performance.

You will note in the financial report that FY23 revenues were lower compared with the prior year. There was a decline in extended period train-based revenues which was partially offset by increased revenues derived from a refocus on the road vehicle-based market and the newly developed products started to penetrate their addressable markets. The company expects to continue increasing its road vehicle revenue whilst pursuing longer term rail opportunities.

In addition to the development of the new vehicle server, I am proud to report that DTI Group delivered an impressive list of product feature upgrades focused on increased driver and passenger safety and associated service improvements during FY23. These developments reinforce the competitive advantages inherent in DTI's offering and grow the product suite to better meet the demands of 'quicker opportunity-to-sale' customers.

Looking ahead, the Board is confident that DTI Group's product suite will open the way for increased penetration of the addressable markets in Australia and overseas and the company has identified some exciting opportunities in non-transit markets in FY24.

On behalf of the DTI Group Board of Directors, I would like to take this opportunity to thank our clients, business partners, management and staff for their loyalty and hard work over FY23. I also want to thank our shareholders for their continued patience and support over the past year.

**Greg Purdy**

*Non-Executive Chairperson*



# The transport technology partner of choice

## CEO's Message

I am pleased to report that DTI Group significantly progressed its stated growth strategy over the course of the FY23 reporting period. Through the completion of a range of initiatives over the course of the year, DTI Group now offers a suite of tailored surveillance, passenger information, telematics, and analytics solutions across each of its key market verticals – and further products targeting new verticals are timed for launch in FY24.

As was noted in the Chairman's Letter, DTI reported lower revenues in its FY23. Many of our large-scale train product contracts were completed.

But this was not without some positive side-effects. The temporary reduction in revenues provided capacity for the engineers to focus on the development of new products that will provide additional revenue streams over the coming years – deepening and broadening our client base in existing and new market segments.

DTI have launched several new products and enhancements during FY23. A suite of best of breed safety systems were developed including a driver fatigue monitoring system, a blind spot awareness system that alerts drivers when an object is detected in a blind spot when a vehicle is turning, and a pedestrian warning system for vehicles turning at low speeds. These advanced safety features compliment DTI Group's traditional surveillance systems and provide value-add solutions for customers.

The manufacturing of DTI's next generation on-road vehicle servers commenced in Thailand. This creates supply chain flexibility and demonstrates DTI's ability to onboard new contract manufacturers if local content is required for a specific market.

In another notable achievement, DTI deployed the first 100 surveillance systems powered by our on-road vehicle server, the CDR, during the year. This device is specifically designed for this market segment and is receiving positive feedback from customers. In a related development, DTI Group also completed the development of its industry-leading next generation MDR server. This device has a huge addressable market, due to its ability to meet client needs across all the rail, light rail and road vehicle market segments.

The year also saw DTI Group successfully complete the final delivery of an end destination and passenger information display contract to Alstom Ubunye. This brought the total number of displays delivered for this contract to more than 3,650.

Looking forward to FY24, we are truly excited by the portfolio of products at our disposal. DTI Group will continue to deliver safe and seamless journeys to a growing client base residing in both Australia and overseas via both our enhanced safety systems and the operational efficiencies derived from our class-leading back-office software.

DTI Group's sales and marketing team have taken steps to grow the company's revenue base over the coming 12 months. We recently entered a memorandum of understanding with an Indian

# The transport technology partner of choice

representative, which is targeting the supply of state-of-the-art surveillance and passenger information systems to the Indian railway market. The Indian rail market is in a rapid growth phase, with many new metros set to be built over the coming years (with some already being constructed) and multiple mid-life upgrades planned.

I want to take this opportunity to thank our clients, business partners, management and staff for their loyalty and hard work over FY23. Through the valuable contributions of all these stakeholders, the company is primed to further penetrate its ever-expanding addressable market and grow revenues over FY24 and beyond.

## **Matthew Strack**

*Chief Executive Officer*



**A better journey  
for your fleet  
and customers.**

## Senior Management

**Matthew Strack**

*Chief Executive Officer*

**David Hood**

*Chief Financial Officer*

**Brett Baxendale**

*General Manager Sales*

**Avinash Khoosal**

*Head of Supply Chain*

**Chris Bailye**

*Head of Hardware Engineering*

**Richard Orchard**

*Head of Software Engineering*

**Justin Dyer**

*Head of Operations*

# The technology company that specialises in transit solutions built to work



 The Transit Technology People.



## Vision. Mission. Values.



Your partner for a safe, accessible and seamless journey.



# 2023 Activities

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FY23

**\$1.13M**

CASH RESERVES

**4** consecutive quarters  
POSITIVE OPERATING  
CASH FLOW

**△ 750**

NEW SYSTEMS  
DEPLOYED

Onboarded new  
**CONTRACT  
MANUFACTURER**

**\$0**  
NET DEBT

**3**  
NEW PRODUCTS  
RELEASED



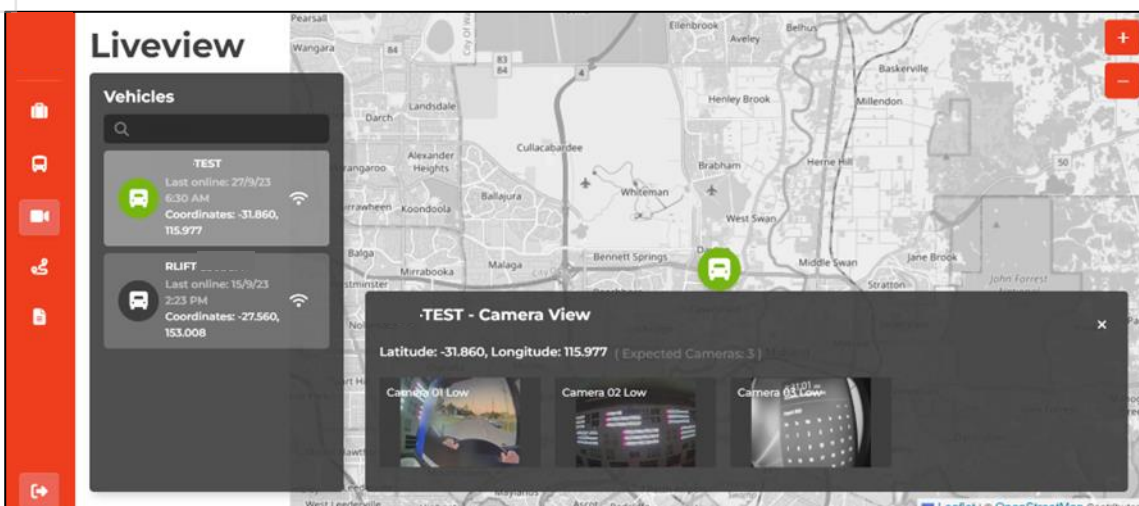
# 2023 Activities

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## DTI launches cloud-based back-office platform.

DTI has continued the enhancement of its industry leading back-office software. Features include LiveView, route tracking, geofence events, scheduled downloads, telematics, and advanced reporting. This enables operators and owners of fleets to manage their assets in real time to create efficiencies and improved return on assets.



# 2023 Activities

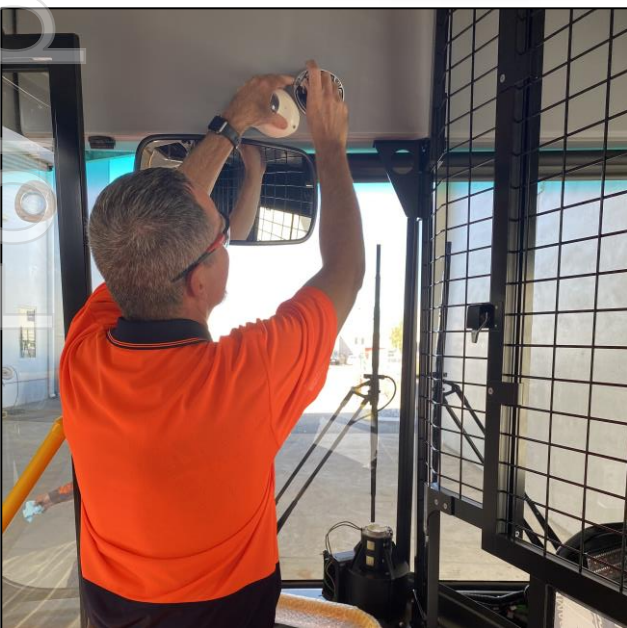
2023



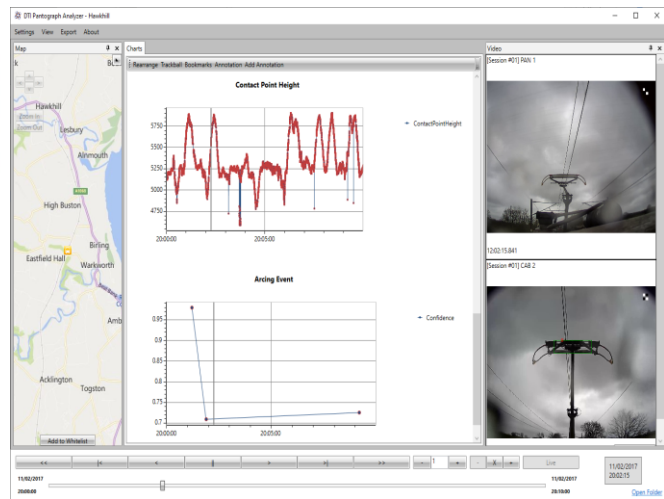
## DTI installs first 100 systems utilising its new compact on vehicle server.

DTI has developed a new compact on vehicle server (CDR) targeting the on-road vehicle market. This server supports up to 16 digital camera streams, multiple vehicle inputs and powers DTI's on-board passenger information system to further enhance the functionality of our system and customer value.

During the second half of FY23 DTI completed the installation of the first 100 systems utilising the CDR and the feedback on this system has been overwhelmingly positive.



# 2023 Activities



## Expanded AI pantograph monitoring system trials in Europe

Multiple trials of DTI's patented AI pantograph monitoring system are being performed with network operators such as Deutsch Bahn and Hitachi SRS. This solution eliminates the countless hours of manual inspection time by automating the inspection process through advanced video analytics and machine learning.

Predictive failure identification and analysis is available for:

- Excessive arcing caused by pantograph carbon strip wear or overhead wire damage; and
- Overhead wire height and stagger tolerance breaches.

The accelerated electrification of global rail and light rail networks is growing the market potential for this world-leading product.



# 2023 Activities

2023



## DTI completes display deliveries in South Africa

In FY23 DTI completed the delivery of the following displays to Alstom Ubunye for train upgrades in South Africa:

- Front end destination indicators
- Side end destination indicators
- Internal passenger information displays

For this project DTI delivered over 3,650 displays on 140 trains.



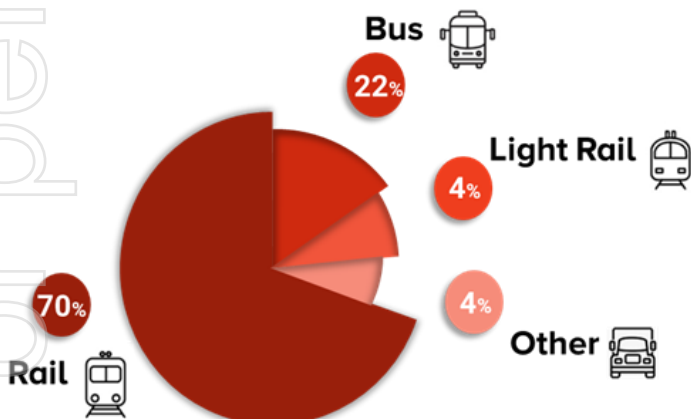
# 2023 Activities

## Deliver growth

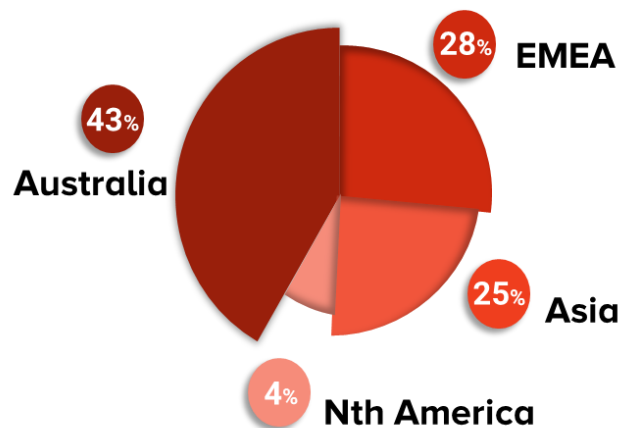
By:

- Growing overseas markets through additional integrators;
- Entering adjacent verticals e.g., waste recycling truck CCTV and telematics;
- Increasing the penetration of passenger information systems; and
- Increasing the penetration of safety systems for drivers, passengers & pedestrians.

OPPORTUNITY PIPELINE BY MARKET



OPPORTUNITY PIPELINE BY REGION





# Directors' Report

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# Directors' Report

The Directors present their report and consolidated financial statements of the Group comprising of DTI Group Limited ("DTI" or "the Company") and its subsidiaries for the financial year ended 30 June 2023.

## Directors

One Director change occurred during the year - Mr Gillespie, an additional Non-executive Director, was appointed on 29 November 2022.

### Mr. Greg Purdy

#### *Independent Non-Executive Chairperson*

#### *Qualifications & Experience:*

Greg Purdy was appointed to the Board on 16 October 2018 and the role of Non-Executive Chairperson of DTI on 20 November 2018. Mr. Purdy is a member of the Australian Institute of Company Directors.

Mr. Purdy has extensive experience in technology and communications companies and the execution of major technology projects. Mr. Purdy is a former senior executive with NTT Data, Hewlett Packard, Telstra, and the Tenix Group.

#### *Other Directorships:*

Nil

### Mr. Steve Gallagher

#### *Independent Non-Executive Director*

#### *Qualifications & Experience:*

Steve Gallagher was appointed to the Board on 16 October 2018 and is a member of the Australian Institute of Company Directors and holds a Bachelor of Engineering (Honours) from the University of Melbourne and Bachelor of Commerce from Monash University.

Mr. Gallagher has experience in industrial automation, building technology, power systems and payment solutions and has held senior executive positions with a range of engineering technology companies including Vix Technology, ERG Ltd and Siemens AG. More recently Mr. Gallagher has been a director of several listed and public companies including Hong Kong listed CCRTT, Optal Ltd, Vix Technology Ltd, KubaPay, Littlepay, Orbital UAV and Snapper Services.

#### *Other Directorships:*

Non-Executive Director with Optal Ltd. and Orbital Corporation Ltd.

### Mr. Andrew Lewis

#### *Independent Non-Executive Director*

#### *Qualifications & Experience:*

Andrew Lewis was appointed to the Board on 16 October 2018. Mr. Lewis holds a Bachelor of Economics from Monash University and has experience in real estate, hospitality and project management and currently holds a senior management position with Morris Group, a privately held business operating across the tourism, hospitality, renewable energy, finance, technology, and aviation sectors.

#### *Other Directorships:*

Nil

## Mr. Chris Afentoulis

*Independent Non-Executive Director*

*Qualifications & Experience:*

Chris Afentoulis was appointed to the Board on 19 November 2019. Mr. Afentoulis is a qualified chartered accountant and a graduate of the Australian Institute of Company Directors. Chris has more than 16 years' experience in professional services and senior executive positions including finance, management, and corporate strategy with a range of IT service and technology companies.

*Other Directorships:*

Nil

## Mr. Paul Gillespie

*Independent Non-Executive Director*

*Qualifications & Experience:*

Paul Gillespie has over 20 years of experience in the Smart Parking and Transportation marketplace where he has held several leadership positions. Mr. Gillespie is currently the Managing Director and CEO of ASX listed company, Smart Parking, (ASX: SPZ), a position he has held since January 2013. Before joining Smart Parking, Mr. Gillespie was a leading figure in the UK parking industry, having held senior positions at Xerox Parking Services where he was successful in leading two business units providing hardware and software solutions to a variety of public and private organisations.

*Other Directorships:*

Managing Director with Smart Parking Ltd.

## Company Secretary

### Mr. Harry Miller

Mr. Miller's appointment was effective upon the resignation of Mr Ian Hobson on the 22<sup>nd</sup> of August 2022.

Mr. Miller has over 7 years of audit, compliance, and company secretarial experience across several sectors. He presently acts as the Company Secretary for multiple ASX listed and private companies.

Mr. Miller's qualifications include a Bachelor Commerce, Economics & Finance, University of Notre Dame Australia and Master of Professional Accounting, University of Notre Dame Australia.

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## Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Directors	Held	Attended
G Purdy	9	9
S Gallagher	9	9
A Lewis	9	8
C Afentoulis	9	9
P Gillespie	4	4

## Principal activities

The Group's principal activities during the financial year were the development, manufacture and sale of integrated surveillance systems, passenger communication systems, and fleet management solutions for the global transport industry and other related markets.

There were no significant changes in the nature of the activities of the Group during the year.

## Operating and Financial Review

### Overview

DTI's customers are transit agencies, transit vehicle manufacturers, transit operators and vehicle operators.

The Company offers the following products and services:

- Advanced mobile surveillance solutions:
  - specialised hardware systems incorporating video, audio, GPS tracking, communications, and high-speed recording technology; and
  - sophisticated device and data management software to provide comprehensive, fleet-wide, CCTV and vehicle management solutions.
- Passenger communication solutions:
  - specialised hardware systems such as graphical and high brightness displays;
  - public address and hearing aid loop communications, passenger emergency communications; and
  - real time passenger information presentations and infotainment systems on graphical displays.
- Vehicle telematics:
  - Vehicle position & status reporting; and
  - Integration with ancillary systems.



- Video analytics:
  - Patented algorithms to capture the intersection point between the overhead power line and the pantograph arm;
  - Passenger counting;
  - Driver fatigue monitoring; and
  - Advanced machine learning algorithms.
- Managed services:
  - video management, vehicle data analysis and monitoring, schedule adherence analysis; and
  - IT infrastructure, help desk, technical support, monitoring, and first-line maintenance.

DTI markets its products to a worldwide customer-base, both directly and with a network of integrators and business partners.

## Shareholder returns

The table below reports summary information on the Group's earnings and movement in shareholder wealth for the five years to 30 June 2023.

		FY23	FY22	FY21	FY20	FY19
Revenue	\$	13,264,585	15,887,389	18,572,598	14,085,266	19,176,894
EBITDA	\$	(472,837)	424,059	435,174	(2,230,530)	(8,179,879)
EBIT	\$	(836,150)	152,046	76,058	(2,697,174)	(9,535,657)
Net profit/(loss) after tax	\$	(939,983)	86,281	24,844	(2,731,270)	(9,440,710)
Share price at start of year	\$	0.01	0.02	0.02	0.03	0.06
Share price at end of year	\$	0.02	0.01	0.02	0.02	0.03
Dividends	cps	-	-	-		
Basic (loss)/earnings per share	cps	(0.21)	0.02	0.01	(0.91)	(4.42)
Return on Capital Employed	%	(12.29)	2.02	1.43	(51.52)	(179.45)

Net profit/(loss) amounts have been calculated in accordance with Australian Accounting Standards (AASBs).

### Review of Financial Condition

#### FY23 Financial Performance

During the year ended 30 June 2023, DTI reported revenue of \$13.3 million (2022: \$15.9 million). This represents a 16.5 percent reduction compared to the prior year which is primarily attributed to lower revenue from completed complex rail projects revenue that was only partially offset by increased bus and light-rail revenue.

DTI recorded negative EBIT of \$0.84 million for the year ended 30 June 2023 (2022: +\$0.15 million).

## Underlying EBITDA

Reconciliation of Underlying EBITDA	FY23 \$	FY22 \$
<b>Net Profit Before Tax</b>	<b>(939,983)</b>	<b>86,281</b>
Net Interest Expenses	103,833	65,765
<b>EBIT</b>	<b>(836,150)</b>	<b>152,046</b>
Depreciation/Amortisation	363,313	272,013
<b>Statutory EBITDA</b>	<b>(472,837)</b>	<b>424,059</b>
R&D Grant	-	-
Jobkeeper payment	-	-
Cash flow boost income	-	-
Payroll tax relief	-	-
Impairment of inventories/(reversal)	44,638	(96,708)
Impairment of trade receivables/(reversal)	15,000	(32,126)
Impairment of contract costs <sup>1</sup>	-	508,270
Redundancy costs/(reversal)	-	111,154
Warranty claims	-	117,669
<b>Underlying EBITDA</b>	<b>(413,199)</b>	<b>1,032,318</b>

1. Additional impairment required on historical contract which was completed during FY22

## Cash Flow

During the year, DTI generated positive operating cash flow of \$0.773 million (2022: negative \$0.533 million).

Total net cash outflow for the year was \$0.44 million. Key impacts on net cash flow included a:

- i) \$0.341 million increase in inventories;
- ii) \$1.104 million investment in intangible assets; and
- iii) \$1.464 million increase in trade & other payables.

## Financial Position

At the end of the financial year DTI maintained unrestricted cash reserves of \$1.113 million and net assets of \$6.383 million. DTI has no term debt.

## Review of principal business

DTI services the global transport market. The principal underlying drivers for DTI business are:

- i) Government investments in public transport to meet community expectations on quality, safety, reliability, and availability;
- ii) Government investments in low-emission public transport;
- iii) Customer demand for improved security and surveillance on mass transit systems;

- iv) Customer demand for passenger information systems on mass transit systems; and
- v) Vehicle operator demand for safety and efficiency support systems – video, telematics, vehicle data.

DTI considers these are strong drivers of demand for its products and services which will continue into FY24 and beyond.

### Operational performance

DTI provides long-term maintenance and support services to municipal transit authorities in Australia, the UK, U.S.A and Africa.

European end-customers are also engaged through business partners in eastern & western Europe.

### Significant changes in state of affairs

In the opinion of the Directors, the Group's situation did not change significantly during the financial year.

## Outlook

### Opportunity Pipeline

DTI continues to enjoy strong demand for its products and services with an Opportunity Pipeline exceeding \$90 million. The bulk of the pipeline is in the Rail sector however the Bus sector pipeline is increasing at a rapid rate due to the adoption of low-emission vehicles which is causing an acceleration in fleet upgrades and a patron driven requirement for improved real time passenger information.

### Business Strategies

DTI's business strategy is to support the mass transit and transport industry through the provision of innovative hardware, software solutions and services.

In FY24, DTI is building upon a strong product development and supply chain base to support the traditional mass transit market while also pursuing new customers in the wider road vehicle market.

### Future Developments

DTI expects to gain new customers through the deployment of cloud-based products, a new range of telematics solutions and entry into the wider road vehicle market.

## Dividends

In respect of the financial year ended 30 June 2023, no interim dividend was paid, and the Directors have determined that no final dividend will be paid.

## Events since the end of the financial year

No matters or circumstances have arisen that have significantly affected or may significantly affect the operations of DTI Group Ltd, the results of those operations or the state of affairs of DTI Group Ltd in subsequent years that is not otherwise disclosed in this report.



## Likely developments and expected results of operations

The Group will continue to pursue its policy of developing CCTV/surveillance systems, telematics, and passenger information technologies for the global mass transit market and wider vehicle market. DTI remains confident in its outlook as it seeks to drive growth via a pipeline of opportunities.

## Environmental regulation

The Company is not subject to any specific environmental regulation. The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report greenhouse gas emissions and energy use. The Directors have assessed that there are no current reporting requirements, but the Company may be required to do so in the future.

## Directors' interests

The relevant interest of each Director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the Directors to the ASX in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

	Ordinary Shares	DTI Group Limited Options over Ordinary Shares	Rights over Ordinary Shares
G. Purdy	Nil	Nil	Nil
S. Gallagher	Nil	Nil	Nil
A. Lewis	2,500	Nil	Nil
C. Afentoulis	Nil	Nil	Nil
P. Gillespie	Nil	Nil	Nil

## Indemnification of officers and auditors

The Company has agreed to indemnify the current Directors of its controlled entities for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

During the financial year, the Company insured the Directors of the Company and all executive officers of the Company against a liability incurred as such Director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

## Non-audit services

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that

the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by Board prior to commencement to ensure they do not conversely affect the integrity and objectivity of the auditor.
- The nature of the services provided does not compromise the general principles relating to auditor independence as set out in the APES Code of Ethics for Professional Accountants.

The total fees for non-audit services paid to the auditor or related practices of the auditor during the year ended 30 June 2023 were nil.

## Proceedings on behalf of the Company

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

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

## Auditor's independence declaration

The auditor's independence declaration is set out on page 77 and forms part of the Directors' report for the financial year ended 30 June 2023.

## Corporate Governance Statement

The Board of DTI is responsible for the corporate governance of the company and its subsidiaries. The Board has governance oversight of all matters relating to the strategic direction, corporate governance, policies, practices, management, and operations of DTI with the aim of delivering value to its Shareholders and respecting the legitimate interests of other stakeholders, including employees, customers, and suppliers.

Under ASX Listing Rule 4.10.3, DTI is required to provide in its annual report details of where shareholders can obtain a copy of a corporate governance statement, disclosing the extent to which the Company has followed the ASX Corporate Governance Council Principles and Recommendations in the reporting period. DTI has published its corporate governance statement on [www.dti.com.au/investors](http://www.dti.com.au/investors).

## Audited Remuneration Report

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Key Management Personnel (KMP) of the Group for the financial year ended 30 June 2023.

The term Key Management Personnel refers to those persons having authority and responsibility for planning, controlling, and directing the activities of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the consolidated entity. Any reference to "Executives" in this report refers to those KMP who are not Non-Executive Directors. The prescribed details for each person covered by this report are detailed below under the following headings:

- Key management personnel
- Remuneration policy
- Remuneration structure
- Remuneration of Directors and key management personnel
- Key terms of employment contracts
- Key management personnel equity holdings

### Key Management Personnel

The Directors and other Key Management Personnel of the consolidated entity during or since the end of the financial year were:

#### Non-Executive Directors

The following persons acted as non-executive Directors of the Company during the financial year:

- Mr. G. Purdy
- Mr. S. Gallagher
- Mr. A. Lewis
- Mr. C. Afentoulis
- Mr. P. Gillespie

Mr. Gillespie was appointed to the Board on 29th November 2022. All other Directors held their current positions for the whole of the financial year. All Directors have retained their position since the end of the financial year.

#### DTI Executives

The following persons were employed as Group executives during the financial year:

- Mr. M. Strack - Chief Executive Officer
- Mr. D. Hood - Chief Financial Officer



## Remuneration Policy

### Non-Executive Directors

Non-Executive Directors receive a Board fee as set out below. They do not receive performance-based pay or retirement allowances. The fees are inclusive of superannuation. The Chairman does not receive additional fees for participating in or chairing committees.

The Chairman of the Board receives a fixed fee of \$50,000 per annum. Other Non-Executive Directors each receive an annual Board fee of \$30,000. The maximum annual aggregate Directors' fee pool limit is \$250,000 and the current total is under this limit. Fees will be reviewed annually by the Board in the future.

All Non-Executive Directors have entered into a service agreement with the Company in the form of a letter of appointment. The letter summarises various matters relating to the appointment including the position's role and responsibilities, time commitments, remuneration and expenses, outside interests, securities dealing policy and the treatment of confidential information. These matters are consistently applied for each Non-Executive Director.

### DTI Executives

The Company's remuneration policy for DTI executives rewards them fairly and responsibly having regard to the performance of the Group, the performance of the executive and prevailing remuneration expectations in the market.

The Company also seeks to establish remuneration structures which align the interests of its key management personnel with the interests of the Company and its shareholders. DTI established a Management Compensation Plan (MCP) under which certain executives are entitled to receive short-term incentives (STI) and long-term incentives (LTI) based on the delivery of key Group and individual outcomes, and the profitability of the DTI Group. During the financial year the Chief Executive Officer and Chief Financial Officer were participants in the MCP.

Other DTI executives do not have a formal STI or LTI component of their remuneration package but may receive a cash bonus as a STI, at the discretion of the Board.

As detailed in this report, no STI and LTI were rendered during FY23.

The amount of compensation for current and future periods for DTI executives is based on consideration of market factors, comparison to peers and reference to the individual's experience and performance. Overall, remuneration policies are subject to the discretion of the Board and can be changed to reflect the competitive market and business conditions when in the interest of the Company and shareholders.

### Performance Evaluation

Each DTI executive is subject to a review of their individual performance each year in accordance with the Company's Development and Appraisal Process. This process commonly occurs in September each year.

## Remuneration Structure

### DTI executive

The remuneration structure for DTI executives participating in the MCP is based on the concept of a total package target (TPT) assuming budgeted financial performance is achieved, and the participants performed

satisfactorily. If the business and/or the participants perform below standard, then the total remuneration will be less. If financial performance exceeds budget and there is above average performance, then the package can increase by up to 18.75 per cent of the TPT. The TPT comprises three components:

- i) A fixed component, representing base salary plus superannuation, which comprises 75 per cent of the TPT;
- ii) a variable component, represented by a STI paid as a cash bonus, which comprises 12.5 per cent of the TPT. This component can increase to 25 per cent of the fixed component for exceptional performance; and
- iii) a variable component, represented by a LTI in the form of an equity issue of DTI shares, which comprises 12.5 per cent of the TPT. This component can increase to 33.3 per cent of the fixed component for exceptional performance.

The STI and LTI are determined following the finalisation of the audited annual financial results. If employment has ceased for any reason on or before the date when the STI and LTI are paid or are due for payment, eligibility to receive the STI and LTI lapses. The participants may elect to receive the STI payment in equity securities, subject to shareholder approval.

In the event of serious misconduct or a material misstatement in the Company's financial statements, the Board can cancel or defer performance-based remuneration and may also claw back performance-based remuneration paid in previous financial years.

The Board of DTI Group reserves the right not to pay an STI or LTI if financial performance, earnings per share and/or operational performance have not met the expectations of the Board.

The remuneration structure for DTI executives not participating in the MCP is based on a fixed component, representing base salary plus superannuation. DTI Executives may be granted a cash bonus at the discretion of the Board.

### **Fixed Component**

Fixed remuneration comprises base salary, employer superannuation contributions and other allowances and non-cash benefits. Each Executive's fixed remuneration is reviewed and benchmarked annually.

### **Variable Component – STI and LTI**

Variable remuneration for participants in the MCP comprises STIs linked to Company and individual performance over one year, and LTIs linked to performance over a period greater than a year.

The tables below outline the remuneration framework and structure of the short-term incentive plan.

The following table sets out the maximum variable remuneration each Executive Officer could have achieved, on an annualised basis, in FY23, expressed as a percentage of total remuneration, if maximum performance was achieved for the STI and LTI components of their variable components.

**Maximum variable remuneration**

Executives	Fixed		Variable – STI		Variable – LTI	
	2023	2022	2023	2022	2023	2022
	%	%	%	%	%	%
Matthew Strack <i>Chief Executive Officer</i>	100.0	63.2	0.0	15.8	0.0	21.0
David Hood <i>Chief Financial Officer</i>	100.0	100.0	0.0	n/a	0.0	n/a

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**Structure of the short-term and long-term incentive plan**

Feature	Description			
Max opportunity	Member of the KMP: 58.3% of fixed remuneration			
Performance metrics	The STI and LTI metrics align with the Group's strategic priorities of market competitiveness, operational excellence, shareholder value and fostering talented and engaged people.			
STI Performance metrics	Metric	Target	Weighting	Reason for selection
	EBITDA	budget	50.0%	Reflects improvements in both revenue & cost control
	Revenue	budget	5.0%	Focus on the Group's growth strategy
	Gross operating profit	budget	5.0%	Focus on product profitability
	Net Profit after tax	budget	5.0%	Focus on delivering planned shareholder return
	Cash flow	budget	5.0%	Improved cash flow for business needs
	Individual performance metrics	Specific to individuals	30.0%	Targeted metrics have been chosen that are critical to individual roles
LTI Performance metrics	Metric	Target	Weighting	Reason for selection
	Earnings per share	Growth	50.0%	Business improvement that is aligned with shareholder interests
	Individual performance metrics	Specific to individuals	50.0%	Targeted metrics have been chosen that are critical to individual roles
Delivery of STI & LTI	STIs and LTIs are normally calculated no more than two weeks after the final audited results are released to ASX. The value of the equity issue is determined based on the five-day weighted average market price on ASX five trading days after the final audited results are released to ASX. If employment has ceased for any reason on or before the date at which the STI and LTI are due for payment, eligibility to receive the STI and LTI lapses. STI is typically paid in cash during September. LTI share issues are made in November - no deferral is in place.			
Board discretion	The Board assesses individual and corporate achievements and retains discretion to adjust remuneration outcomes to prevent inappropriate reward outcomes.			

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## Remuneration of Directors and key management personnel

Details of the elements comprising the remuneration of the Company's key management personnel are set out in the following table. The table does not include the following components of remuneration because they were not part of the remuneration package offered to Executives during FY23:

- Short term cash profit sharing bonuses;
- Payments made to KMP in respect of a period before or after the person held the KMP position;
- Long term incentives distributed in cash;
- Post-employment benefits other than superannuation; and
- Non-monetary benefits.

		Short-term Benefits			Post-employment Benefits	Long-term Benefits	Share Based Payments	Total	Proportion Performance related
		Salary & fees	STI	Total	Superannuation benefits	Long Service Leave			
		\$	\$	\$	\$	\$	\$		\$
<b>Non - Executive Directors</b>									
G. Purdy (Chairman)	2023	50,000	-	50,000	-	-	-	50,000	0.0%
	2022	50,000	-	50,000	-	-	-	50,000	0.0%
S. Gallagher	2023	30,000	-	30,000	-	-	-	30,000	0.0%
	2022	30,000	-	30,000	-	-	-	30,000	0.0%
A. Lewis	2023	30,000	-	30,000	-	-	-	30,000	0.0%
	2022	30,000	-	30,000	-	-	-	30,000	0.0%
C. Afentoulis	2023	30,000	-	30,000	-	-	-	30,000	0.0%
	2022	30,000	-	30,000	-	-	-	30,000	0.0%
P. Gillespie <sup>1</sup>	2023	18,100	-	18,100	1,900	-	-	20,000	0.0%
	2022	-	-	-	-	-	-	-	n/a
<b>Executive Directors/Officers</b>									
M. Strack (CEO)	2023	309,750	-	309,750	32,524	-	-	342,274	0.0%
	2022	307,313	12,500	319,813	31,981	-	67,052	418,846	19.0%
I. Hobson <sup>2</sup> (Company Secretary)	2023	1,800	-	1,800	-	-	-	1,800	0.0%
	2022	21,800	-	21,800	-	-	-	21,800	0.0%
H. Miller <sup>3</sup> (Company Secretary)	2023	21,568	-	21,568	-	-	-	21,568	0.0%
	2022	-	-	-	-	-	-	-	n/a
D. Hood (CFO)	2023	222,227	-	222,227	23,796	-	-	246,023	0.0%
	2022	215,535	-	215,535	27,954	-	-	243,489	0.0%
<b>Total</b>	<b>2023</b>	<b>713,445</b>	<b>-</b>	<b>713,445</b>	<b>58,220</b>	<b>-</b>	<b>-</b>	<b>771,665</b>	
<b>Total</b>	<b>2022</b>	<b>684,648</b>	<b>12,500</b>	<b>697,148</b>	<b>59,935</b>	<b>-</b>	<b>67,052</b>	<b>824,135</b>	

1. Mr. Gillespie appointed as a Non-Executive Director on 29 November 2022.
2. Mr. Hobson resigned as Company Secretary on 22 August 2022.
3. Mr. Miller commenced as Company Secretary on 22 August 2022.

## Key terms of employment contracts

The Company has formal employment contracts with each of its continuing executives as set out below:

Name	Fixed Remuneration	MCP Participant	Duration	Notice Period	Termination Benefits
Matthew Strack	\$342,274	Yes	Ongoing	Four weeks	None
David Hood	\$246,023	Yes	Ongoing	Four weeks	None

\* Refer page 57 for details of MCP plan and criteria.

The Company also has letters of appointment with each of its Non-executive Directors.

## Loans to Key management personnel

There are no loans from the Company to a KMP.

## Key management personnel equity holdings

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

2023	Balance at 1 July 2022	Granted as remuneration	On Exercise of Options	Net Other Change	Balance at 30 June 2023
	Number	Number	Number	Number	Number
<b>Directors</b>					
G. Purdy	-	-	-	-	-
S. Gallagher	-	-	-	-	-
A. Lewis	2,500	-	-	-	2,500
C. Afentoulis	-	-	-	-	-
P. Gillespie	-	-	-	-	-
<b>Executives</b>					
M. Strack	1,915,773	-	-	-	1,915,773
I. Hobson	-	-	-	-	-
H. Miller	-	-	-	-	-
D. Hood	-	-	-	-	-

During the year ended 30 June 2023, no share options were held by key management personnel.

## Reliance on External Remuneration Consultants

There has not been any reliance on external remuneration consultants.

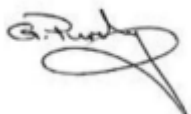
## Adoption of Remuneration Report

The 2022 Annual General Meeting resolution adopting the 2022 Remuneration Report was carried in a majority. The Company received more than 99.04 percent of "yes" votes on its Remuneration Report. The Company

did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices.

This concludes the remuneration report, which has been audited.

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001*.



Greg Purdy  
Chairperson  
28 September 2023  
Melbourne, Australia

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# Financial Statements

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2023

	Note	2023 \$	2022 \$
Sales Revenue	2	13,264,585	15,887,389
Cost of Goods Sold		(8,817,888)	(10,361,848)
Operational overheads		(2,547,752)	(2,537,874)
<b>Gross Margin</b>		<b>1,898,945</b>	<b>2,987,667</b>
Impairment (expense) / reversal	2	(59,638)	128,834
Other income	2	110	2,938
Other expenses	2	–	(117,669)
Foreign exchange gain/(loss)		100,370	(233,611)
Corporate overheads		(2,412,624)	(2,344,100)
Depreciation/amortization	2	(363,313)	(272,013)
Net interest and finance gain/(loss)	2	(103,833)	(65,765)
<b>Net Profit/(Loss) Before Tax</b>		<b>(939,983)</b>	<b>86,281</b>
Tax (expense)/benefit	3	–	–
<b>Net Profit/(Loss) After Tax</b>		<b>(939,983)</b>	<b>86,281</b>
<b>Other comprehensive income/(loss)</b>			
Items that may be reclassified to profit or loss:			
Exchange differences		(119,938)	123,677
<b>Total other comprehensive income/(loss)</b>		<b>(119,938)</b>	<b>123,677</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>(1,059,921)</b>	<b>209,958</b>
<b>Total comprehensive income/(loss) is attributable to:</b>			
Owners of DTI Group Ltd		(1,059,921)	209,958
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company:</b>			
Basic earnings per share (cents per share)	22	(0.21)	0.02
Diluted earnings per share (cents per share)	22	(0.21)	0.02

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

# Consolidated Statement of Financial Position

as at 30 June 2023

	Note	2023 \$	2022 \$
<b>Current assets</b>			
Cash and cash equivalents	4	1,113,237	1,558,055
Trade and other receivables	5	3,913,008	4,086,185
Contract assets	2	80,279	1,022,440
Inventories	8	4,511,781	4,170,779
Other current assets	7	289,599	483,390
<b>Total current assets</b>		<b>9,907,904</b>	<b>11,320,849</b>
<b>Non-current assets</b>			
Other assets	7	505,041	380,041
Property, plant, and equipment	9	269,768	317,840
Intangible assets	10	1,933,181	1,015,039
Contract assets	2	222,910	202,117
Right of use asset	18	334,148	135,374
<b>Total non-current assets</b>		<b>3,265,048</b>	<b>2,050,411</b>
<b>Total assets</b>		<b>13,172,952</b>	<b>13,371,260</b>
<b>Current liabilities</b>			
Trade and other payables	6	4,919,688	3,455,079
Contract liabilities	2	449,933	1,067,635
Borrowings	7	35,778	41,012
Provisions	11	875,240	1,025,846
Lease liability	18	89,925	244,909
<b>Total current liabilities</b>		<b>6,370,564</b>	<b>5,834,481</b>
<b>Non-current liabilities</b>			
Provisions	11	204,874	93,163
Lease liability	18	213,819	–
<b>Total non-current liabilities</b>		<b>418,693</b>	<b>93,163</b>
<b>Total liabilities</b>		<b>6,789,257</b>	<b>5,927,644</b>
<b>Net assets</b>		<b>6,383,695</b>	<b>7,443,616</b>
<b>Equity</b>			
Contributed equity	13	35,908,371	35,908,371
Reserves	16	172,870	292,808
Accumulated losses	16	(29,697,546)	(28,757,563)
<b>Total equity</b>		<b>6,383,695</b>	<b>7,443,616</b>

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

# Consolidated Statement of Changes in Equity

for the year ended 30 June 2023

	Contributed Equity \$	Employee Share Plan Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
<b>At 30 June 2021</b>	33,885,113	478,968	(309,837)	(28,843,844)	5,210,400
Profit for the year	-	-	-	86,281	86,281
Other comprehensive income	-	-	123,677	-	123,677
Total comprehensive income for the year	-	-	123,677	86,281	209,958
<b>Transactions with owners in their capacity as owners</b>					
Recognition of share-based payments	67,053	-	-	-	67,053
Shares issued to extinguish loan	1,260,872	-	-	-	1,260,872
Issue of share capital	748,992	-	-	-	748,992
Capital raising costs	(53,659)	-	-	-	(53,659)
<b>At 30 June 2022</b>	35,908,371	478,968	(186,160)	(28,757,563)	7,443,616
Profit for the year	-	-	-	(939,983)	(939,983)
Other comprehensive income	-	-	(119,938)	-	(119,938)
Total comprehensive income the year	-	-	(119,938)	(939,983)	(1,059,921)
<b>Transactions with owners in their capacity as owners</b>					
Recognition of share-based payments	-	-	-	-	-
Issue of share capital	-	-	-	-	-
Capital raising costs	-	-	-	-	-
<b>At 30 June 2023</b>	35,908,371	478,968	(306,098)	(29,697,546)	6,383,695

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

# Consolidated Statement of Cash Flows

for the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Cash flows used in operating activities</b>			
Receipts from customers		12,799,267	15,098,210
Payments to suppliers and employees		(12,010,380)	(15,566,158)
Interest received		12,596	764
Government grants received		-	-
Interest paid		(27,613)	(66,529)
Tax paid		-	-
<b>Net cash outflow used in operating activities</b>	12(b)	<b>773,870</b>	<b>(533,713)</b>
<b>Cash flows used in investing activities</b>			
Payments for plant and equipment		(13,817)	(26,814)
Proceeds from sale of property plant & equipment		-	16,014
Payments for intangible assets		(1,104,996)	(498,236)
<b>Net cash outflow used in investing activities</b>		<b>(1,118,813)</b>	<b>(509,036)</b>
<b>Cash flows (used in)/from financing activities</b>			
Proceeds from issues of shares		-	1,260,873
Share issue expenses		-	(53,659)
Proceeds from borrowings		178,888	1,000,000
Repayment of borrowings		(184,122)	(266,279)
Payment for leased property		(120,324)	(120,324)
Cash inflow / (outflow) from bank guarantee facility		-	-
<b>Net cash from financing activities</b>		<b>(125,558)</b>	<b>1,820,611</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
		<b>(470,501)</b>	<b>777,862</b>
Cash and cash equivalents at the beginning of the year		1,558,055	765,789
Effect of foreign exchange on opening balances		25,683	14,404
<b>Cash and cash equivalents at the end of the year</b>	12(a)	<b>1,113,237</b>	<b>1,558,055</b>

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



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# Notes to the Financial Statements

# Notes to the Consolidated Financial Statements

## Note 1: Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the consolidated Group. The Group has one primary business segment being the provision of integrated surveillance and passenger communication systems to the mass transit industry.

The CODM is the Chief Executive Officer (CEO) who monitors the operating results of the consolidated group and organises its business activities and product lines to serve the global mass transit industry. The performance of the consolidated group is evaluated based on Earnings before Interest, Taxes, Depreciation and Amortisation ("EBITDA") which is measured in accordance with the Group's accounting policies.

### *Major customers*

DTI supplies goods and services to a broad range of customers in the transit industry. During the reporting period, four (2022: three) major customers accounted for 56 per cent (2022: 49 per cent) of the Group's revenue.

## Note 2: Revenue and expenses

### A. Significant accounting policy

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

### Significant judgement: Revenue recognition

The recognition of revenue relating to long-term projects is determined in two ways, depending on the products or services provided in relation to the project. Where products are provided as part of a long-term project the Group recognises revenue when it transfers control over a product to the customer. Where the project is for the provision of products and services, revenue recognition is subject to the management's judgement on measurement of progress towards satisfaction of performance obligations using the input method.

When management determines multiple distinct performance obligations exist in a contract, transaction price is allocated based on stand-alone selling price of the product or service sold. The stand-alone selling price is based on the retail price.

**B. Nature of Goods and Services**

The following is a description of the principal activities from which the Group generates its revenue.

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Sale of goods only	<p>The Group recognises revenue when the customers obtain control of the goods. This usually occurs when the goods are delivered. The amount of revenue recognised for goods delivered is adjusted for expected returns. Invoices are generated and revenue is recognised at that point in time. Invoices are usually payable within 45 days (credit term). No element of financing is deemed present as the sales are made within standard credit terms, which is consistent with market practice. The Group's obligation to provide a refund or replacement for faulty products under the standard warranty terms is recognised as a provision.</p>
Projects	<p>Where contracts are for the provision of products only, the Group recognises revenue when the customers obtain control of the goods. This usually occurs when the goods are delivered. The amount of revenue recognised for goods delivered is adjusted for expected returns. Invoices are generated and revenue is recognised at that point in time.</p> <p>Some contracts include multiple deliverables, such as the provision and installation and commission of hardware and software. These multiple deliverables form an integration service and could not be performed by another party, the goods and services represent a single combined performance obligation over which control is considered to transfer over time. This is because the provision of goods and services by the Group enhance an asset (i.e., trains or buses) that the customer controls as the asset is enhanced. Revenue is recognised over time as the customisation or integration work is performed, using the cost-to-cost input method to estimate progress towards completion. When cost incurred is not proportionate to the entity's progress in satisfying the performance obligation, the input method is adjusted to recognise revenue only to the extent of that cost incurred (For example, goods have been delivered to the customers, but installation has not commenced).</p> <p>Estimates of revenues, costs, or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. Customers usually pay according to the agreed invoicing schedule or contract milestones. If the goods and services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the goods and services rendered, a contract liability is recognised.</p>
Maintenance and technical support	<p>The Group provides maintenance and technical services. These services are usually bundled together with sales of products or provision of project services to the customer. The maintenance and technical support can be obtained from other providers and do not significantly customise or modify the product sold. When this service is bundled together with other services provided by the Group, the Group performed a re-allocation of contract consideration based on the relative stand-alone selling prices of its bundled services. For maintenance and technical support, which is billed based on an hourly basis, the Group recognises revenue as the services are performed.</p>

## C. Disaggregation of Revenue

In the following table, revenue is disaggregated by primary geographical market, major products/service lines and timing of revenue recognition.

	2023 \$	2022 \$
<b>Primary geographical markets</b>		
Australia	6,768,831	11,605,971
Europe & Others	4,733,750	2,673,819
North America	1,762,004	1,607,600
	<u>13,264,585</u>	<u>15,887,389</u>
<b>Major products/service lines</b>		
Sale of products	3,484,566	9,212,818
Projects	7,709,575	4,449,911
Maintenance	2,070,444	2,224,660
	<u>13,264,585</u>	<u>15,887,389</u>
<b>Revenue recognition</b>		
At a point in time	10,468,211	9,212,818
Over time	2,796,374	6,674,571
	<u>13,264,585</u>	<u>15,887,389</u>

## D. Contract balances and contract costs

The group has recognised the following contract assets and liabilities:

	2023 \$	2022 \$
<b>Current contract assets</b>		
Capitalised contract costs	80,279	1,022,440
<b>Non-current contract assets</b>		
Retention	222,910	202,117
<b>Current contract liabilities</b>	449,933	1,067,635

## (i) Definition

*Contract Assets*

- *Accrued Revenue*

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional.

- *Contract Costs*

Management expects that incremental costs incurred as a result of obtaining project-based contracts are recovered. These incremental costs of completing a particular project-based contract are capitalised as contract costs and expensed when the related revenue is recognised. The Group have applied the practical expedient in paragraph 94 of AASB 15, the Group recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have

recognised is one year or less. The Group applies impairment policy on contract costs as stated in Note 10.

#### *Contract Liabilities*

The contract liabilities primarily relate to the advance consideration received from customers for project-based service, for which revenue is deferred until revenue can be recognised on the completion of its passenger information system.

#### **(ii) Significant changes in contract assets and contract liabilities**

Contract assets have decreased as the Group has reduced the number of contracts partially complete that have fully progressed to completion.

Contract liabilities have decreased as revenue from software licenses that run for greater than one year is recognised and the revenue for the X'trapolis project (previously deferred) is recognised.

#### **(iii) Revenue recognised in relation to contract liabilities**

Revenue recognised for the year ended 30 June 2023 which was included in the contract liability balance at the beginning of the period is \$965,371 (2022: \$448,995).

The amount of revenue recognised for the year ended 30 June 2023 from performance obligations satisfied (or partially satisfied) in previous periods is \$nil (2022: nil).

#### **E. Other Income**

	2023 \$	2022 \$
<b>Other Income</b>		
Profit on disposal of assets	–	2,938
Other income	110	–
	<u>110</u>	<u>2,938</u>



Interest income is recognised on a time proportion basis using the effective interest method.

	2023 \$	2022 \$
<b>Net interest and finance (loss)/gain</b>		
Interest expense	(97,510)	(36,542)
Interest expense – right of use asset	(18,919)	(29,987)
Interest received	12,596	764
	<u>(103,833)</u>	<u>(65,765)</u>
<b>Share-based payment expense</b>		
Employee share-based payment expense	–	67,053
<b>Depreciation and amortisation expense</b>		
Depreciation	(61,893)	(82,586)
Depreciation – Right of use assets	(114,565)	(99,973)
Amortisation	(186,855)	(89,454)
	<u>(363,313)</u>	<u>(272,013)</u>
<b>Impairment (expense) / reversal</b>		
Inventory	(44,638)	96,708
Trade receivables	(15,000)	32,126
	<u>(59,638)</u>	<u>128,834</u>
<b>Other expenses</b>		
Warranty claim	–	(117,669)
	<u>–</u>	<u>(117,669)</u>

## Note 3: Income tax

**Current tax**

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

**Deferred tax**

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable income will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in associates and are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and that they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Current and deferred tax for the period**

Current and deferred tax is recognised as an expense or income in the consolidated statement of profit or loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

	2023 \$	2022 \$
<b>(a) Income tax benefit</b>		
Current tax expense	-	-
Deferred tax	-	-
Adjustments for current tax of prior periods	-	-
	-	-
<b>(b) Numerical reconciliation of income tax expense (benefit) to prima facie tax receivable</b>		
Profit / (loss) before income tax benefit	(939,983)	86,281
Prima facie tax benefit on loss at 25% (2022:25%)	(234,996)	21,570
Tax effect of:		
Other	3,529	2,060
Other deductible	386,151	(131,237)
Other non-deductible	-	-
Other non-assessable income	-	-
Effect of lower / higher statutory income tax rate in the UK, SA and USA	(154,684)	(4,516)
Recoupment of prior year losses	-	112,123
Current year losses for which no deferred tax assets is recognised	-	-
Deferred taxes not brought to account	-	-
	-	-
<b>(c) Deferred income tax balances recognised in the accounts</b>		
<b>Deferred tax liabilities</b>		
Prepayments	(813)	(3,182)
Unrealised foreign exchange gain	(44,226)	(53,146)
Property, plant & equipment	(138,059)	(59,952)
Project WIP	(20,070)	(255,610)
Right of use asset	(83,536)	(33,844)
Set-off of deferred tax liabilities	286,704	405,734
Net recognised deferred tax liability	-	-
<b>Deferred tax assets</b>		
Annual leave provision	84,080	101,724
Long service leave provision	64,396	70,419
Accrued audit fees and other creditors	78,944	47,575
Superannuation provision	-	27,276
Capital raising fees	11,092	16,817
Deferred Revenue	112,483	-
Right of use liability	113,436	61,227
Provision for diminution in trading stock	184,734	173,574
Provision for doubtful debts	20,839	18,588
Tax losses carried forward	5,577,958	4,341,708
Set off deferred tax liabilities	(286,704)	(405,734)
Warranty	39,167	62,765
Deferred tax asset not brought to account as realisation is not probable	(6,000,425)	(4,515,939)
Net recognised deferred tax assets	-	-

Net deferred tax assets are brought to account when it is probable that immediate sufficient tax profits will be available against which temporary differences and tax losses can be utilised.

Franking credits available for this financial year is \$44,481 (2022: \$44,481).

## Note 4: Cash and cash equivalents

	2023 \$	2022 \$
Cash at bank	1,113,237	1,558,055

## Note 5: Trade and other receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

**Significant Estimate***Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 14, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

	2023 \$	2022 \$
<b>Current</b>		
Trade receivables (net of impairment)	3,813,473	3,795,739
Other debtors	99,535	290,446
	<u>3,913,008</u>	<u>4,086,185</u>

**(a) Impaired trade receivables**

	2023 \$	2022 \$
<b><i>Movements in the provision for impairment of receivables are as follows:</i></b>		
Opening at 1 July	77,985	148,693
Receivable written off during the year as uncollectable	291	(38,582)
Amount recovered	15,000	(32,126)
Closing at 30 June	<u>93,276</u>	<u>77,985</u>

Any creation and release of the provision for impaired receivables is included in 'other expenses' in the statement of profit or loss and other comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

**(b) Past due but not impaired**

At 30 June 2023, trade receivables of \$2,010,920 (2022: \$1,257,324) were past due, but not impaired. These relate to several independent customers for whom there is no recent history of default. DTI is confident that these receivables are collectible and are active in the management and reduction of these overdue amounts.

The ageing analysis of these trade receivables is as follows:

	2023 %	2022 %	2023 \$	2022 \$
Up to 3 months	72%	85%	1,026,566	281,007
3 to 6 months	28%	15%	984,354	595,571
	100%	100%	2,010,920	876,578

The other classes within Trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these trade receivables, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

### (c) Foreign exchange and interest rate risk

Information on the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in Note 14.

### (d) Fair value and credit risk

Due to the short-term nature of current receivables, their carrying amount is assumed to approximate their fair value. Credit risk is assessed at the time a customer applies to open a credit account with the Group and is monitored thereafter on a regular basis. Management assesses the credit quality of the customer, taking into account its financial position, past experience, trade references, external rating where obtained and other factors then set credit limits. The compliance with credit limits by customers is regularly monitored by management.

### Note 6: Trade and other payables

Trade payables and other payables are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and are usually paid within 60 to 90 days of recognition.

	2023 \$	2022 \$
Trade payables	2,222,255	2,173,058
Other payables	2,550,736	1,132,907
Superannuation liability	114,614	109,472
Payroll tax liability	32,083	39,642
	4,919,688	3,455,079

### Risk exposure

Information about the Group's exposure to foreign exchange is provided in Note 14.

### Note 7: Borrowings

	2023 \$	2022 \$
<b>Current Secured:</b>		
Net carrying amount – Premium Funding	35,778	41,012
	35,778	41,012



## Reconciliation of borrowings arising from financing activities:

	2022 Opening	Cash flows	Non-cash changes Addition	Fair value changes	2023 Closing
	\$	\$	\$	\$	\$
Premium Funding	41,012	(184,122)	178,888	–	35,778

**Accounting Policy**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transactions costs) and the redemption amount is recognised in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

**Premium Funding**

In November 2022, the Company financed its insurance premiums with the funds to be repaid within the next 10 months. This facility is secured against the insurance policies.

**Financing Facility**

As at year ended 30 June 2023, a \$250,000 American Express facility was available and in use.

**Other Assets – Bank guarantee and insurance bonds**

	2023 \$	2022 \$
<b>Other Assets – Current</b>		
Cash deposit held for bank guarantee	–	125,000
Cash deposit	50,000	50,000
Prepayments	239,599	308,390
	289,599	483,390
<b>Other Assets – Non-Current</b>		
Cash deposit held for bank guarantee	505,041	380,041

Other assets – cash deposit includes cash backing deposits associated with the issue of bank guarantee to a major customer and the lessor. These deposits are therefore not available for general use by the Group.

**Bank guarantees for unconditional undertaking of contracts**

	2023 \$	2022 \$
Performance requirements of contracts	380,041	380,041
Lease of land contract (see note below regarding reclassification from current to non-current)	125,000	125,000
	505,041	505,041

The Company has given bank guarantees relating to performance requirements of contracts. A bank guarantee in relation to this contract of \$380,041 (2022: \$380,041) is included in the amounts above.

Under the contract for the lease of land on which the office and workshop facilities are situated, the Company may at some future point (at the option of the Lessor) be required to “make good” the land and remove the building and any improvements thereon. A bank guarantee of \$125,000 (2022: \$125,000), for this contract, is included in the amounts above. As the lease was renewed for three years from June 2023, the cash deposit held for the bank guarantee has been reclassified from current to non-current as at 30 June 2023.

- Refer to Note 14 for risk exposures and risk management details.
- Refer to Note 15 for capital management details.

#### Note 8: Inventories

	2023 \$	2022 \$
Raw materials / unassembled stock	5,287,196	4,898,552
Provision for inventory obsolescence	(775,415)	(727,773)
	<u>4,511,781</u>	<u>4,170,779</u>

In determining the appropriate policy for the inventory obsolescence provision, management considered the composition of stock, improvements in stock ageing and turnover, as well as recent sales activity. Based on these factors it was determined the provision for stock obsolescence should be \$775,415 as at 30 June 2023.

#### Accounting Policy

Inventories are valued at the lower of cost and net realisable value. Costs are assigned to inventory on hand by the method most appropriate to each class of inventory, with the majority being valued on a weighted average basis by location. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### Significant judgement: Inventory obsolescence

Inventories are accounted for in accordance with the accounting policy detailed above. Where the net realisable value of inventory is lower than its cost the Group recognises a provision for inventory obsolescence. At 30 June 2023, management has determined no additional impairment (2022: \$nil) is required for inventory where net realisable value is lower than its cost.

## Note 9: Property, plant and equipment

	2023 \$	2022 \$
<b>Buildings</b>		
At cost	138,925	138,925
Less accumulated depreciation	(138,925)	(138,791)
	–	134
<b>Workshop and R&amp;D plant and equipment</b>		
At cost	2,098,442	2,098,272
Less accumulated depreciation	(2,085,633)	(2,077,771)
	12,809	20,501
<b>Office equipment and software</b>		
At cost	1,453,093	1,433,092
Less accumulated depreciation	(1,422,481)	(1,390,675)
	30,612	42,417
<b>Sales Demo equipment</b>		
At cost	284,415	284,415
Less accumulated depreciation	(58,068)	(29,627)
	226,347	254,788
<b>Motor vehicles</b>		
At cost	57,963	57,963
Less accumulated depreciation	(57,963)	(57,963)
	–	–
Written Down Value	269,768	317,840
<b>Movements in carrying amounts:</b>		
<b>Buildings</b>		
Balance at the beginning of the year	134	20,546
Additions	–	–
Depreciation expense	(134)	(20,412)
Carrying amount at the end of the year	–	134
<b>Workshop and R&amp;D plant and equipment</b>		
Balance at the beginning of the year	20,501	39,833
Additions	–	–
Depreciation expense	(7,692)	(19,332)
Carrying amount at the end of the year	12,809	20,501
<b>Office equipment and software</b>		
Balance at the beginning of the year	42,417	28,504
Additions	13,817	26,814
Writeback in depreciation	4	16
Depreciation expense	(25,626)	(12,917)
Carrying amount at the end of the year	30,612	42,417

	2023 \$	2022 \$
<b>Sales Demonstration &amp; Testing equipment</b>		
Balance at the beginning of the year	254,788	283,230
Additions	–	–
Depreciation expense	(28,441)	(28,442)
Carrying amount at the end of the year	226,347	254,788
<b>Motor vehicles</b>		
Balance at the beginning of the year	–	14,577
Additions	–	–
Disposals	–	(13,093)
Depreciation expense	–	(1,484)
Carrying amount at the end of the year	–	–

### Accounting Policy

Plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is provided on property, plant, and equipment. Depreciation is calculated on either a diminishing value or straight-line basis to allocate the net cost or other re-valued amount of each asset over its estimated useful life or in the case of certain leased plant and equipment the shorter lease term.

The following estimated useful lives are used in the calculation of depreciation:

- plant and equipment – 2.5 to 5 years
- motor vehicles under finance lease – 5 years
- buildings – 10 years
- sales demo equipment – 10 years

## Note 10: Intangible assets

	Development Costs \$	Patents \$	Total \$
<b>At 30 June 2023</b>			
Cost (gross carrying amount)	1,855,142	816,276	2,671,418
Accumulated amortisation	(193,506)	(544,731)	(738,237)
Net carrying amount	1,661,636	271,545	1,933,181
<b>Movements in carrying amounts</b>			
Balance at 1 July 2022	770,091	244,948	1,015,039
Additions	1,026,787	78,209	1,104,996
Amortisation expense	(135,242)	(51,612)	(186,854)
Net carrying amount	1,661,636	271,545	1,933,181
<b>At 30 June 2022</b>			
Cost (gross carrying amount)	828,355	738,067	1,566,422
Accumulated amortisation	(58,264)	(493,119)	(551,383)
Net carrying amount	770,091	244,948	1,015,039
<b>Movements in carrying amounts</b>			
Balance at 1 July 2021	347,235	259,021	606,256
Additions	465,074	33,163	498,237
Amortisation expense	(42,218)	(47,236)	(89,454)
Net carrying amount	770,091	244,948	1,015,039

**Accounting Policy***Amortisation of Capitalised Development Costs*

Capitalised development costs are amortised on a straight-line basis in accordance with AASB108 para.40.

*Impairment of assets*

At each reporting date, the entity reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised



in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

### Intangibles

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

### Capitalised Development Costs

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services and direct labour. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period. All other intangible assets are tested for impairment whenever events or changes in circumstances indicate that the company amount may not be recoverable.

A summary of the policies applied to the Group's intangible assets is as follows:

Policy	Patents	Development Costs
Useful lives	Finite	Finite
Amortisation methods used	Amortised over the period of expected future benefits from the related project on a straight-line basis	Amortised over the period of expected future benefits from the related product on a straight-line basis
Internally generated or acquired	Acquired	Internally generated
Impairment testing	Annually and more frequently when an indication of impairment exists	Annually for assets not yet available for use and more frequently when an indication of impairment exists. The amortisation method is reviewed at each financial year end

### Significant estimates: Useful life of Patents and Development Costs

Patents have been assessed as having a useful life and are amortised using the straight-line method over a period of 10 years. The patents have been granted for between 15 and 20 years by the relevant government agency.

New products capitalised during FY23 are amortised using the straight-line method over a period of 7 years.

### Significant estimates: Impairment of Intangible Assets

The group assesses at each reporting date whether there has been events or changes in circumstances indicating whether the carrying value of assets may not be recoverable. The recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions and estimates for future cashflows.

**Significant judgement: Development costs capitalised**

Development costs are carried at cost less accumulated amortisation and accumulated impairment losses. The net development costs have been subject to impairment testing. If an impairment indication arises, the recoverable amount is estimated, and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

**Significant judgement: Amortisation of intangible assets**

Intangible assets are amortised over their useful lives (5 to 10 years). Amortisation commences when the asset is available for commercial sale.

**Description of the Group's intangible assets****(a) Development costs**

Development costs are carried at cost less accumulated amortisation and accumulated impairment losses. The net development costs have been subject to impairment testing. If an impairment indicator arises, the recoverable amount is estimated, and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

**(b) Patents**

Patents have been externally acquired and are carried at cost less accumulated amortisation and impairment losses. This intangible asset has been assessed as having a useful life and is amortised using the straight-line method over a period of 10 years. The patents have been granted for between fifteen and twenty years by the relevant government agency. If an impairment indication arises, the recoverable amount is estimated, and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

**(c) Impairment**

The board determined that the underlying assumptions supporting the future economic benefit from the intangible assets were sufficient. As a result, the board has not impaired these assets (2022: nil).

**Note 11: Provisions**

	2023 \$	2022 \$
<b>Current</b>		
Employee entitlements – long service leave	202,710	188,513
Employee entitlements – annual leave	336,320	409,574
Provision for warranty	303,057	368,506
Onerous contract provision <sup>1</sup>	33,153	59,253
	875,240	1,025,846
<b>Non-current</b>		
Employee entitlements – long service leave	54,874	93,163
Lease – “Make Good” Provision <sup>2</sup>	150,000	–
	204,874	93,163

<sup>1</sup> Reduction in provision due to the completion of an onerous long-term contract, residual amount is a provision for retention payments.

<sup>2</sup> The “Make Good” provision is reclassified from lease liability as at 30 June 2022 to non-current provisions as at 30 June 2023, with the lease being extended for three years in June 2023.

**Accounting Policy**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required, and they are capable of being measured reliably. Provisions made in respect of wages and salaries, annual leave, long service leave, and sick leave expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

When it is probable that the future costs to complete a contract will exceed future revenues, the expected loss is recognised as a provision for onerous contract and as an expense immediately.

**Significant judgement: Warranty provision**

In determining the level of provision required for warranties, the consolidated entity has made judgments in respect of the expected performance of the products, the quantity of customers who will claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

**Note 12: Notes to the cash flow statement**

For statement of cash flow purposes, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

**(a) Reconciliation of cash**

For the purpose of the cash flow statement, cash includes cash on hand and in banks and short-term deposits with banks. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

	2023 \$	2022 \$
Australian Dollar bank accounts	363,214	218,945
British Sterling bank accounts	56,460	81,470
US Dollar bank accounts	686,949	998,589
Euro bank accounts	(17)	28,646
Rand bank account	6,631	230,405
	1,113,237	1,558,055

**(b) Reconciliation of Profit / (loss) after income tax to the net cash used in operating activities**

	2023 \$	2022 \$
<b>Profit / (loss) after tax</b>	(939,983)	86,281
<i>Non-cash items:</i>		
Depreciation and amortisation	363,313	272,013
Employee share plan expense		67,052
Profit on disposal of property, plant & equipment		(16,014)
Exchange differences on foreign operations	(145,626)	122,350
<b>Change in operating assets and liabilities</b>		
Decrease/(increase) in trade and other receivables	48,177	(1,217,289)
Decrease/(increase) in inventories	(341,002)	(566,406)
Decrease/(increase) in contract assets	(20,793)	(16,445)
Decrease/(increase) in contract costs	942,161	279,005
Increase in other assets	193,791	130,243
(Decrease)/increase in right of use asset	(193,015)	42,221
(Decrease)/increase in trade and other payables	1,464,609	853,816

(Decrease)/increase in provisions	(38,895)	(982,467)
(Decrease)/increase in contract liabilities	(617,702)	444,555
(Decrease)/increase in lease liability	58,835	(32,628)
Net outflow from operating activities	773,870	(533,713)

## Note 13: Contributed equity

	2023 No.	2023 \$	2022 No.	2022 \$
<b>Ordinary shares</b>				
Balance at the beginning of financial year	446,997,439	35,908,371	333,422,585	33,885,113
Shares issued to extinguish loan <sup>1</sup>	–	–	70,048,460	1,260,872
Issue of share capital	–	–	41,610,621	748,992
Shares exercised under Management Compensation Plan (formerly Employee Share Plan) <sup>2</sup>	–	–	1,915,773	67,053
Capital raising costs	–	–	–	(53,659)
Balance at the end of the financial year*	446,997,439	35,908,371	446,997,439	35,908,371

<sup>1</sup> In FY22, the group received a loan from the underwriter of the rights issue occurring during the current period, totaling \$1,000,000. The repayment terms of the loan were cash repayments of \$251,009, with the remainder settled via subscription for 41,610,621 shares as part of the rights issue, at \$0.018 per share. Interest of the loan prior to settlement accrued at 8% per annum.

<sup>2</sup> In FY22, 1,915,773 shares were issued to the Chief Executive under the pre-existing Long-term Incentive (LTI) arrangement, with a resulting expense of \$67,053 recognised in the statement of profit or loss and other comprehensive income.

\*Balance excludes 1,553,975 Treasury Share held in trust for DESP.

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares have no par value, and the Company does not have a limited amount of authorised capital.

**Management Compensation Plan**

The DTI Management Compensation Plan (MCP) has been established by the Board to permit shares to be issued by the Company to executive employees as part of an LTI.

The shares are recognised at the closing share price on the grant date as an incentive expense, with a corresponding increase in equity at the time that the employees unconditionally become entitled to the shares.

The Company has established the MCP to assist in the motivation, retention and reward of employees and replaces the DTI Employee Share Plan.

No shares were issued during the year ended 30 June 2023.

**Accounting Policy**

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. If the Company re-acquires its own

equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

The Group's principal financial instruments are cash, trade and other receivables, trade and other payables, and borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade payables, which arise directly from its operations. The Group does not enter derivative transactions. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign exchange risk. The Board reviews and agrees policies for managing each of these risks.

#### Note 14: Financial risk management

The following table details the Group's exposure to interest rate risk. The amounts disclosed in the tables are the contractual undiscounted cash flows. The payables cash flows equal their carrying balances as the impact of discounting is not significant.

	Maturing			Total Contractual Cash Flows \$	Total Carrying Value \$	Weighted Average Active Interest Rate %
	1 Year or Less \$	Over 1 to 2 Years \$	Over 2 Years \$			
<b>30 June 2023</b>						
<b>Financial Liabilities</b>						
<b>Fixed rate</b>						
Other borrowings	35,778	–	–	35,778	35,778	3.03%
Lease liability	129,486	134,666	127,955	392,107	303,744	29.09%
<b>Non-interest bearing</b>						
Payables	4,919,688	–	–	4,919,688	4,919,688	–
	<b>5,084,952</b>	<b>134,666</b>	<b>127,955</b>	<b>5,347,573</b>	<b>5,259,210</b>	<b>–</b>
	Maturing			Total Contractual Cash Flows \$	Total Carrying Value \$	Weighted Average Active Interest Rate %
	1 Year or Less \$	Over 1 to 2 Years \$	Over 2 Years \$			
<b>30 June 2022</b>						
<b>Financial Liabilities</b>						
<b>Fixed rate</b>						
Other borrowings	41,012	–	–	41,012	41,012	2.44%
Lease liability	262,668	–	–	262,668	244,909	7.25%
<b>Non-interest bearing</b>						
Payables	3,514,332	–	–	3,514,332	3,514,332	–
	<b>3,818,012</b>	<b>–</b>	<b>–</b>	<b>3,818,012</b>	<b>3,800,253</b>	<b>–</b>

**Net Fair Value**

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 25.

**Credit Risk Exposure**

The Group's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as disclosed in the statement of financial position. There are no historical default rates in respect of receivables. Cash balances and term deposits are held with financial institutions of minimum AA ratings.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses (ECL), trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 12 month before 1 July 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The customer type and macro-economic factors in the customer's market have been determined to be the most relevant factors for assessing ECL.

Trade receivables are 100% credit impaired when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group and a failure to make contractual payments for a period of greater than 120 days past due.

On this basis, the loss allowance at the amount equal to the expected lifetime credit losses under the simplified approach as at 30 June 2023 and 30 June 2022 is:

30 June 2023	Current	More Than 30 Days Past Due	More Than 60 Days Past Due	More Than 90 Days Past Due	Credit Impaired	Total
Expected loss rate	0%	0%	0%	9%	100%	
Gross carrying amount of trade receivables	\$2,068,743	\$333,213	\$427,162	\$1,077,630	\$0	\$3,906,748
<b>Loss allowance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$93,276</b>	<b>\$0</b>	<b>\$93,276</b>
30 June 2022	Current	More Than 30 Days Past Due	More Than 60 Days Past Due	More Than 90 Days Past Due	Credit Impaired	Total
Expected loss rate	0%	0%	0.2%	13%	100%	
Gross carrying amount of trade receivables	\$2,997,249	\$129,937	\$151,070	\$595,571	\$0	\$3,873,723
<b>Loss allowance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$255</b>	<b>\$77,730</b>	<b>\$0</b>	<b>\$77,985</b>

*Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-



looking information that is available. The allowance for expected credit losses is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

### Foreign Exchange Risk

The Group has transactions in currencies other than Australian Dollars which carry receivables and payables in the respective currency. These financial instruments are not hedged. The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	30 June 2023				30 June 2022			
	USD \$	EUR \$	GBP \$	ZAR \$	USD \$	EUR \$	GBP \$	ZAR \$
Cash	686,949	-17	56,460	6,631	998,589	28,646	81,470	230,405
Trade and other debtors	1,932,782	84,294	343,599	4,568	1,059,934	888,610	178,325	1,305
Trade and other payables	(1,451,041)	—	(594,035)	(384,248)	(1,344,285)	(1,176)	(298,540)	(432,803)
	1,168,690	84,277	(193,976)	(373,049)	714,239	916,080	(38,745)	(201,093)
Exchange rates	0.6630	0.6099	0.5250	12.3762	0.6889	0.6589	0.5671	11.1857

### Interest Rate Risk

The Group's loan and lease arrangements are subject to fixed interest rates and therefore would not have been impacted by any increase/decrease in interest rates during the current year.

Profit is sensitive to higher/lower interest income from cash and cash equivalents and term deposits because of changes in interest rates. At year end the Group's bank account was earning interest of 4 per cent (2022: 0.289 per cent).

### Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due. As at 30 June 2023 and the date of this report, the Group has sufficient liquid assets to meet its financial obligations. Refer to Note 19 Going Concern for further details.

### Sensitivity Analysis

#### Interest Rate Risk

The Group's loan and lease arrangements are subject to fixed interest rates and therefore would not have been impacted by any increase/decrease in interest rates during the current year. Accordingly, an increase in interest rates would not have impacted the Group's interest expense.

Movements in interest rates on the Group's bank accounts and term deposits would not have a significant impact on the Group's results for the year.

#### Foreign Exchange Rate Risk

Based on the financial instruments held at 30 June 2023, had the Australian dollar weakened by 5 per cent against the US Dollar, Euro, British Sterling and South African Rand, with all other variables held constant, the Group's pre-tax results for the year would have been \$22,988 better (2022: \$35,592 better). If the Australian dollar had strengthened the corresponding impact would be a reduction in pre-tax results by approximately the same amount.

### Price Risk

Investments held are not listed or traded in active markets and therefore no price risk arises.

## Note 15: Capital management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Group may adjust the value of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

#### Note 16: Reserves and accumulated losses

	2023 \$	2022 \$
<b>Reserves</b>		
Employee Share Plan reserve	478,968	478,968
Foreign currency translation reserve	(306,098)	(186,160)
	<u>172,870</u>	<u>292,808</u>
<b>Employee Share Plan Reserve</b>		
Balance 1 July	478,968	478,968
Arising on share-based payments	–	–
Balance 30 June	<u>479,968</u>	<u>478,968</u>

During the operation of the DTI Employee Share Plan (currently suspended), the Employee Share Plan Reserve would record an expense over the vesting period for the value of the shares to be issued. As the plan is currently suspended, the Employee Share Plan Reserve has been retained at its former balance.

	2023 \$	2022 \$
<b>Foreign currency translation reserve</b>		
Balance 1 July	(186,160)	(309,837)
Currency translation differences – current year	(119,938)	123,677
Balance 30 June	<u>(306,098)</u>	<u>(186,160)</u>

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

	2023 \$	2022 \$
<b>Accumulated losses</b>		
Balance 1 July	(28,757,563)	(28,843,844)
Impact of changes in accounting policies	–	–
Net profit / (loss) for the year	(939,983)	86,281
Balance 30 June	<u>(26,697,546)</u>	<u>(28,757,563)</u>

#### Note 17: Share-based payments

No shares were issued to executives under the DTI Management Compensation Plan (MCP). Details of the MCP are in Note 13.

The Group additionally has the capacity to issue equity securities to suppliers under the ASX Listing Rules as an alternate method of payment for goods or services provided. The grant date fair value of share-based payment awards granted to suppliers is recognised as a separate expense, contained within *Share-based payments expenses*, with a corresponding increase in equity over the period that the supplier provides the service or becomes unconditionally entitled to the award. The Group entered into such share-based payment

transactions by way of extinguishing a short-term loan in the prior year. Given the nature of this payment, it was not recognised as a share-based payment expense but rather as a reduction of a liability.

The DTI Employee Share Plan (DESP) has been established by the Board to permit shares to be issued by the company to employees for no cash consideration and has been put in place by the company. No shares were issued in the current year.

	2023		2022	
	Allocated	Avail. To Allocate	Allocated	Avail. To Allocate
Opening Balance	-	-	-	-
Shares Granted	-	-	-	-
Shares allocated	-	-	(1,915,773)	-
Shares vested to employees	-	-	1,915,773	-
Shares forfeited	-	-	-	-
Shares available / Closing Balance	-	-	-	-

During FY22 the Group received a loan from the underwriter of the rights issue occurring during the current period, totalling \$1,000,000. The repayment terms of the loan were cash repayments of \$251,009, with the remainder settled via subscription for 41,610,621 shares as part of the rights issue, at \$0.018 per share. Interest of the loan prior to settlement accrued at 8% per annum. Refer to Note 13.

During FY22, 1,915,773 shares were issued to the Chief Executive under the pre-existing Long-Term Incentive (LTI) arrangement, with a resulting expense of \$67,052 recognised in the statement of profit or loss and other comprehensive income. The shares were valued at \$0.035, being the share price on grant date of 16 November 2021.

#### Note 18: Right of use asset & lease liability

	2023 \$	2022 \$
<b>Right of use asset</b>		
<b>Current</b>		
Property – Land	334,148	135,374
<b>Lease Liability</b>		
<b>Current</b>		
Property - Land	89,925	244,909
<b>Non-Current</b>		
Property - Land	213,819	-

**Amounts recognised in the statement of profit or loss**

The statement of profit or loss shows the following amounts relating to leases:

	2023 \$	2022 \$
<b>Depreciation charge of right-of-use assets</b>		
Property - Land	114,565	99,973
<b>Finance costs</b>		
Interest expense	18,919	29,987

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments).

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

**Note 19: Going concern**

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Directors believe the Group will continue as a going concern based on the following considerations:

- The business forecast shows positive cash flow for the next 12 months to 31 August 2024;
- The successful implementation of the turnaround plan including a continued focus on projects and contracts that generate positive returns;
- Continued improvement in project performance coupled with a strong working capital and net asset position;
- Continued reduction of cash burn; and
- Implementation of the new strategy to return to DTI to profitability.

## Note 20: Contingencies and commitments

There were no contingent liabilities or assets as at 30 June 2023.

There were no commitments as at 30 June 2023.

## Note 21: Events occurring after the reporting period

No matters or circumstances have arisen that have significantly affected or may significantly affect the operations of DTI Group Ltd, the results of those operations or the state of affairs of DTI Group Ltd in subsequent years that is not otherwise disclosed in this report.

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## Note 22: Earnings/(Loss) per share

**Basic Earnings / (Loss) per Share**

Basic earnings per share is calculated by dividing:

- the profit or loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year,

adjusted for bonus elements in ordinary shares issued during the year.

**Diluted Earnings / (Loss) per Share**

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	2023 Cents per Share	2022 Cents per Share
<b>Earnings / (loss) per share</b>		
Basic earnings / (loss) per share (cents per share)	(0.21)	0.02
Diluted earnings / (loss) per share (cents per share)	(0.21)	0.02
<b>Reconciliation of profit / (loss) used in calculating earnings/(loss) per share</b>	<b>2023 \$</b>	<b>2022 \$</b>
<i>The following reflects the income/(loss) and share data used in the calculations of basic and diluted earnings per share:</i>		
Profit/(loss) used in calculating basic and diluted earnings per share	(939,983)	86,281
<b>Weighted average number of shares used as the denominator</b>	<b>2023 Number of Shares</b>	<b>2022 Number of Shares</b>
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share	446,997,439	333,422,585
Weighted average additional shares issued during the period	–	82,702,878
Adjusted weighted average number of ordinary shares used in calculating diluted earnings/(loss) per share	446,997,439	416,125,463



## Note 23: Related-party transactions

## (a) Key management personnel

	2023 \$	2022 \$
<b>Compensation by category: key management personnel</b>		
Short-term benefits	713,445	697,148
Post-employment benefits	58,220	59,935
Share based payments	–	67,052
	<u>771,665</u>	<u>824,135</u>

Detailed remuneration disclosures are provided in the remuneration report on pages 26 to 33.

## (b) Subsidiaries

The consolidated financial statements include the following subsidiaries:

Name	Incorporation	Shares	Equity %	
			2023	2022
DTI Capital Pty Ltd	Australia	Ordinary	100	100
Virtual Observer Pty Ltd	Australia	Ordinary	100	100
DTI EMEA Limited	UK	Ordinary	100	100
DTI USA Holdings Inc	USA	Ordinary	100	100
DTI USA Inc <sup>(i)</sup>	USA	Ordinary	100	100
Digital Technology International (SA) (Pty) Ltd	South Africa	Ordinary	100	100

(i) This entity is owned by DTI USA Holdings Inc.

## Note 24: Parent entity financial information: DTI Group Ltd

The individual financial statements for the parent entity show the following amounts:

	2023 \$	2022 \$
<b>Statement of Financial Position</b>		
<b>Assets</b>		
Current assets	8,583,905	8,990,803
Non-current assets	3,042,137	1,898,451
<b>Total assets</b>	<b>11,626,042</b>	<b>10,889,254</b>
<b>Liabilities</b>		
Current liabilities	4,554,740	4,933,668
Non-current liabilities	872,437	134,217
<b>Total liabilities</b>	<b>5,427,177</b>	<b>5,067,885</b>
<b>Net Assets</b>	<b>6,198,865</b>	<b>5,821,368</b>
<b>Shareholders' equity:</b>		
Issued capital	35,908,371	35,908,371
Employee share plan reserve	478,967	478,967
Accumulated losses	(30,188,473)	(30,565,970)
<b>Total Equity</b>	<b>6,198,865</b>	<b>5,821,368</b>
<b>Statement of Loss and Other Comprehensive Loss</b>		
Profit/(loss) for the year	377,497	(398,110)
<b>Total comprehensive loss</b>	<b>377,497</b>	<b>(398,110)</b>

**Contingent liabilities**

The parent has no contingent liabilities at 30 June 2023.

**Bank guarantee**

The parent has provided a bank guarantee of \$505,041.

The Company has given bank guarantees relating to performance requirements of contracts. A bank guarantee in relation to this contract of \$380,041 (2022: \$380,041) is included in the amounts above.

Under the contract for the lease of land on which the office and workshop facilities are situated, the Company may at some future point (at the option of the Lessor) be required to "make good" the land and remove the building and any improvements thereon. A bank guarantee of \$125,000 (2022: \$125,000), for this contract, is included in the amounts above.

Refer to Note 7 for more details.

## Note 25: Summary of significant accounting policies

**Statement of Compliance**

This financial report includes the consolidated financial statements and notes of the Group. The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board. The Group's financial statements and accompanying notes also comply with International Financial Reporting Standards (IFRS).

DTI is a for-profit company limited by shares incorporated in Australia whose shares have been publicly traded on the Australian Securities Exchange from 9 December 2014.

The financial statements were authorised as per the Directors' declaration on page 74 dated 28 September 2023.

**New or amended Accounting Standards and Interpretations adopted**

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

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

**Basis of Preparation**

The financial report has been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets. In the application of IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Accounting Policies**

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2023 and the comparative information presented in these financial statements for the year ended 30 June 2022.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

**(a) Principles of consolidation**

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

**(b) Classification and initial measurement of financial assets (AASB 9 Financial Instruments)****Recognition and derecognition**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled, or expires.

Financial assets are classified according to their business model and the characteristics of their contractual cash flows and are initially measured at fair value adjusted for transaction costs (where applicable).

**Subsequent measurement of financial assets**

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

**Financial assets at amortised cost**

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Group's trade and most other receivables fall into this category of financial instruments.

**Impairment of financial assets**

AASB 9's new forward looking impairment model applies to Group's investments at amortised cost and debt instruments at FVTOCI. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

**Trade and other receivables and contract assets**

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix (Refer Note 14).

**(c) Foreign currency***Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss in finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

### *Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

### **Goods and services tax**

Revenues, expenses, and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of the asset or as part of the item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

### **(d) Comparative Figures**

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(e) Significant accounting estimates and judgements***Estimation of onerous contracts provision*

When the Group is aware that it is probable that the future costs to complete a contract will exceed future revenues, the expected loss is recognised as a provision for onerous contract and as an expense immediately. Estimation is involved in determination of total contract costs and forecast costs to complete.

*Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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## (f) Auditor's remuneration

	2023 \$	2022 \$
Remuneration of the auditors of the entities for:		
<b>BDO Audit (WA) Pty Ltd</b>		
Auditing the full year financial report	–	55,000
Reviewing the half year financial report	32,500	20,000
<b>Hall Chadwick WA</b>		
Auditing the full year financial report	51,000	–
Reviewing the half year financial report	–	–
	83,500	75,000

## Note 26: Company information

DTI Group Ltd is a listed public company (ASX: DTI), incorporated and operating in Australia.

**Registered office and principal place of business**

31 Affleck Road  
Perth Airport, WA, 6105  
Tel: (08) 9479 1195  
Internet: [www.dti.com.au](http://www.dti.com.au)



# Directors' declaration

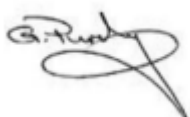
# Directors' Declaration

In the opinion of the Directors of DTI Group Ltd ("Company"):

1. The financial statements and accompanying notes set out on pages 35-72 are in accordance with the *Corporations Act 2001*, and
  - (i) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The Company has included in the notes to the financial statements an explicit and unreserved Statement of Compliance with International Financial Reporting Standards.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



**Greg Purdy**  
Chairperson  
28 September 2023  
Melbourne, Australia



# Auditor's Report

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HALL CHADWICK INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF DTI GROUP LIMITED

## Report on the Audit of the Financial Report

## Opinion

We have audited the financial report of DTI Group Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, 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:

- a. 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 2023 and of its financial performance for the year then ended; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 25.

## Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

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

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Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Intangible assets and assessment for impairment</b></p> <p>As disclosed in note 10 of the financial statements, the Group had intangible assets with a carrying amount of \$1.933 million as at 30 June 2023 consisting of patent and development costs capitalised.</p> <p>The impairment assessment of the Group's intangible assets was considered to be a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The significance of the balance to the Group's financial position; and</li> <li>• The and judgement required in assessing indicators of impairment</li> </ul>	<p>Our procedures amongst others included:</p> <ul style="list-style-type: none"> <li>• Assessing for indicators of impairment under <i>AASB 136 Impairment of Assets</i>;</li> <li>• Reviewing Managements assumptions in identifying intangible assets and periodic assessment;</li> <li>• Performing substantive testing over additions during the period; and</li> <li>• Assessing the adequacy of the disclosures within note 10 of the financial statements.</li> </ul>
<p><b>Revenue recognition and contract liabilities</b></p> <p>As disclosed in Note 2, the Group generated revenue of \$13.265 million during the year and as at balance date had contract liabilities with a carrying amount of \$0.45 million.</p> <p>The recognition of revenue was considered a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The judgement and estimates involved in determining when revenue is recognised;</li> <li>• The significance of the balance to the Group's Statement of Profit and Loss.</li> </ul>	<p>Our procedures amongst others included:</p> <ul style="list-style-type: none"> <li>• Reviewing the Group's revenue and contract liability accounting policy and their contracts with customers, and assessed its compliance with <i>AASB 15 Revenue from Contracts with Customers</i>;</li> <li>• Performing substantive audit procedures on a sample basis by verifying revenue and corresponding contract liability to relevant supporting documentation including verification of contractual terms of the relevant agreements, verification of receipts and ensuring the revenue was recognised at the appropriate time and classified correctly;</li> <li>• Performed analytical procedures on key sources of revenue; and</li> <li>• Assessing the adequacy of the disclosures within note 2 of the financial statements.</li> </ul>



HALL CHADWICK **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, 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 Note 25, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Group's ability 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 Group or to cease operations, or has no realistic alternative but to do so.

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

Our responsibility is to express an opinion on the financial report based on our audit. 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.

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## HALL CHADWICK

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

HALL CHADWICK 

**Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

**Auditor's Opinion**

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2023, complies with section 300A of the Corporations Act 2001.



HALL CHADWICK WA AUDIT PTY LTD



M HILLGROVE FCA  
Director

Dated this 28<sup>th</sup> day of September 2023  
Perth, Western Australia

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HALL CHADWICK 

To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit director for the audit of the financial statements DTI Group Limited for the financial year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully



HALL CHADWICK WA AUDIT PTY LTD



M HILLGROVE FCA  
Director

Dated this 28<sup>th</sup> day of September 2023  
Perth, Western Australia

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# Corporate Directory

## Directors

Mr Greg Purdy	Non-Executive Chairperson
Mr Steve Gallagher	Non-Executive Director
Mr Andrew Lewis	Non-Executive Director
Mr Chris Afentoulis	Non-Executive Director
Mr Paul Gillespie	Non-Executive Director

## Company Secretary

Mr Harry Miller

## Registered and Principal Office

31 Affleck Road  
Perth Airport WA 6105  
Telephone: (08) 9479 1195  
Facsimile: (08) 9479 1190  
Website: [www.dti.com.au](http://www.dti.com.au)

## Auditor

Hall Chadwick WA  
283 Rokeby Road  
Subiaco WA 6008

## Share Registrar

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford Vic 3067

## Bankers

Commonwealth Bank of Australia  
300 Murray Street  
Perth WA 6000

## Stock Exchange Listing

DTI Group Ltd shares are listed on the Australian Securities Exchange (ASX code: DTI)

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# Additional ASX Information

The shareholder information set out below was applicable at 8 September 2023.

## Ordinary Share Capital

448,551,414 fully paid ordinary shares (inclusive of DTI Treasury shares) held by 577 individual shareholders. All issued ordinary shares carry one vote per share and are entitled to dividends.

## Distribution of Holders of Equity Securities

Size of Holding	Number of Shareholders	Percentage of Shareholding
1 – 1,000	39	0.00
1,001 – 5,000	132	0.08
5,001 – 10,000	86	0.15
10,001 – 100,000	202	1.64
100,001 and over	118	98.13
<b>Total</b>	<b>577</b>	<b>100.00</b>

There were 351 holders with less than a marketable parcel of ordinary shares.

## Twenty Largest Registered Shareholders

Rank	Name	Number of Shares	Percentage of Issued Shares %
1	INVIA CUSTODIAN PTY LIMITED <THE MORRIS FAMILY A/C>	224,085,083	49.96
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	110,543,010	24.64
3	INDUCAM NV/C	6,203,078	1.38
4	MS SHARRON SILLS	6,200,099	1.38
5	MONEX BOOM SECURITIES (HK) LTD <CLIENTS ACCOUNT>	6,072,222	1.35
6	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	4,938,330	1.10
7	BLUEKARA PTY LTD <GOODEY FAMILY A/C>	4,646,880	1.04
8	LTC GROUP HOLDINGS PTY LTD	4,244,288	0.95
9	ENERVIEW PTY LTD	3,525,927	0.79
10	WOOD STREET PTY LTD	3,034,886	0.68
11	LTC GROUP HOLDINGS PTY LIMITED <LTC SUPERANNUATION FUND A/C>	2,676,856	0.60
12	LEGRANDE INVESTMENTS PTY LTD	2,508,485	0.56
13	EMERALD SHARES PTY LIMITED <EMERALD UNIT A/C>	2,500,000	0.56
14	HUMDINGER PTY LTD <FOGARTY INVESTMENT A/C>	2,248,210	0.50
15	PROTEA HOLDINGS PTY LTD <BROEDERBOND SUPER FUND A/C>	2,200,000	0.49
16	MR BRADFORD PINTO	2,090,000	0.47
17	MR NEIL EDWARD GOODEY	1,928,318	0.43
18	MR MATTHEW DAVID STRACK	1,915,773	0.43
19	MORNINGSTAR AU PTY LTD	1,800,000	0.40
20	FINESHORE PTY LTD <TUFILLI FAMILY A/C>	1,696,121	0.38
	<b>Total</b>	<b>395,057,556</b>	<b>88.07</b>

**Substantial Shareholders**

The names of substantial shareholders which have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

Name	Fully Paid Ordinary Shares	
	Number	%
INVIA CUSTODIAN PTY LIMITED <THE MORRIS FAMILY A/C>	224,085,083	49.96
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	110,543,010	24.64

**Voting Rights**

Subject to any special rights or restrictions attached to any class or classes of shares in the Company, at a general meeting every holder of shares present in person or by proxy, body corporate representative or attorney has one vote on a show of hands and one vote for each Share held on a poll.

Votes are cast by a show of hands unless a poll is demanded. The chairperson of the meeting or least five Shareholders entitled to vote on the resolution or shareholders with at least 5 per cent of the votes that may be cast on the resolution may demand a poll.

**Escrowed Shares**

The number of shares subject to voluntary escrow is nil (2022: Nil).

**On-market Buyback**

The Company is not currently conducting an on-market buyback of its shares.

**Company Secretary**

Mr. Harry Miller

**Registered and Principal Office**

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The Transit Technology People.