# YOUR DC PTY LTD

# FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022

# Contents

## Directors' Report

The Directors of Your DC Pty Ltd present their report together with the financial statements of the consolidated entity, being Your DC Pty Ltd ('the Company') and its controlled entities ('the Group') for the year ended 30 June 2022.

**Director details**
The following persons were Directors and officers of Your DC Pty Ltd during or since the end of the financial year:

- Greg Siegele
- Scott Hicks
- Andrew Downs
- Glen Simpson

Company Secretary:
- Rolf Heinrich

**Principal activities**
During the year, the principal activities of entities within the Group were:

- Provision of data centre services; and
- Provision of fibre and internet services, predominantly to data centre customers

There have been no significant changes in the nature of these activities during the year.

**Review of operations and financial results**
YourDC's sales and profit continued to grow in 2021-22 through a combination of an expanded customer base and organic growth from our existing ecosystem of customers and service providers.

Activity in the South Australian Government market continued to be subdued as agencies were focussed on replacing their server management providers under a new purchasing panel. Now that this has been completed and with demand from agencies vacating the government data centre at Glenside by December 2023 we have a significant pipeline of opportunities over the next 12-18 months in this sector.

Whilst the loss of Naval Group Australia as a customer during the year following the cancellation of their submarine contract with the Federal Government was disappointing our credentials as a trusted supplier to the defence sector has already resulted in additional sales and a strong pipeline of other opportunities.

The Group commenced an upgrade of the power infrastructure and completed the fit-out of Data Hall 2 at the Hawthorn Data Centre to meet anticipated customer demand at the site which is expected to come from new customers, organic growth from the existing ecosystem and from duplication of customer platforms currently at Edinburgh Parks Data Centre. Funding for this $1.45 million upgrade has been secured from Commonwealth Bank under the Group's existing finance facility.

The Group made positive EBITDA of $4,679,901 and a net profit of $1,151,276 for the year once the impact of AASB 16 Leases is taken into account. The underlying EBITDA of $2,588,435 was an improvement of $715,778 over 2020-21. Sales have increased by $750,084 and power costs have dropped by $64,405 as a result of the Group's new electricity contract that commenced on 1 January 2022. This has been partially offset by higher costs relating to increased customer demand such as fibre costs.    Annualised recurring revenue in June 2021 was $8.5 million and this is expected to increase as new and existing customers expand their footprints at both data centres.

Cash generated from operations (net of rent paid to Your DC Investments Trust) of $2.1 million has been partially used to invest into site upgrades and to continue repayments of loans from Your DC Investments Trust and Scott Hicks during the year.  Repayments are expected to continue in the 2022-23 year.

Existing cash reserves and revenue from existing customer contracts are sufficient to cover budgeted costs for 2022-23.  As such the financial report has been prepared on a going concern basis.

**Significant changes in the state of affairs**
During the year there were no significant changes within the Group.

**Dividends**
No dividends were declared or paid during the year (2021: Nil).

**Events arising since the end of the reporting period**
There are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the entity's operations in future financial years
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years

**Likely developments**
Based on the current demand for and expected growth in infrastructure as a service, managed services, cloud based computing, edge computing, video game streaming and improved risk management practices we expect further rack sales for the next few years.  We have the capacity to take advantage of this growth and will increase the capacity of both data centres to meet additional demand over the coming years.

**Unissued shares under option**
There are no unissued ordinary shares of Your DC Pty Ltd under option at the date of this report.

**Shares issued during or since the end of the year as a result of exercise**
During or since the end of the financial year, the Company has not issued any ordinary shares as a result of the exercise of options.

**Environmental legislation**
The Group's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

**Indemnities given to, and insurance premiums paid for, auditors and officers**

*Indemnity of officers*
The Company has agreed to indemnify the following current Directors, Mr G P Siegele, Mr S G Hicks, Mr A S Downs and Mr G H Simpson, former Directors P M Laity, J T Hazel and C Tragakis, and the Company secretary, Mr R A Heinrich, against all liabilities to another person (other than the Company or related bodies corporate) that may arise from their position as directors and officers of the Company and its related entities, 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 such liabilities, including costs, damages and expenses of any kind.

*Insurance of officers*
During the year, Your DC Pty Ltd paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors and the Company Secretary.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

*Indemnity of auditors*
The Group has agreed to indemnify its auditors, Grant Thornton, to the extent permitted by law, against any claim by a third party arising from the Group's breach of their agreement and terms of engagement. The indemnity requires the Group to meet the full amount of any such liabilities including a reasonable amount of legal costs.

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 4 of this financial report and forms part of this Directors' Report.

**Proceedings of 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.

Signed in accordance with a resolution of the Directors

Scott Hicks
Managing Director

25 August 2022

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# Auditor's Independence Declaration

## To the Directors of Your DC Pty Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Your DC Pty Ltd for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 25 August 2022

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

**For year ended 30 June 2022**

| | Notes | 2022 | 2021 |
|---|---|---|---|
| | | $ | $ |
| Revenue | 5 | 8,918,927 | 8,218,843 |
| Employee benefits expense | 15 | (1,183,226) | (1,141,257) |
| Depreciation of property, plant and equipment | 12 | (238,775) | (216,895) |
| Depreciation of right-of-use assets | 13 | (2,111,408) | (2,087,972) |
| Loss on disposal of assets | | - | (46,217) |
| Other expenses | 6 | (3,055,800) | (3,151,204) |
| Finance costs | 7 | (1,185,189) | (1,225,612) |
| Finance income | | 6,747 | 5,232 |
| **Profit before income tax** | | **1,151,276** | **354,918** |
| Income tax (expense)/benefit | 8 | - | - |
| **Profit for the year attributable to Owners of the Company** | | **1,151,276** | **354,918** |
| Other comprehensive income for the period, net of income tax | | - | - |
| **Total comprehensive profit for the year attributable to owners of the Company** | | **1,151,276** | **354,918** |

This statement should be read in conjunction with the notes to the financial statements.

**Consolidated Statement of Financial Position**

**As at 30 June 2022**

| | Notes | 2022<br>$ | 2021<br>$ |
|---|---|---|---|
| **Assets** | | | |
| **Current** | | | |
| Cash and cash equivalents | 9 | 2,924,649 | 1,683,047 |
| Trade and other receivables | 10 | 457,990 | 497,278 |
| Contract assets | 10 | 4,507 | 9,795 |
| **Total current assets** | | **3,387,146** | **2,190,120** |
| **Non-current** | | | |
| Contract assets | 10 | 8,610 | 13,117 |
| Property, plant and equipment | 12 | 4,166,962 | 3,889,801 |
| Right-of-use assets | 13 | 39,888,874 | 41,805,766 |
| **Total non-current assets** | | **44,064,446** | **45,708,684** |
| **Total assets** | | **47,451,592** | **47,898,804** |
| **Liabilities** | | | |
| **Current** | | | |
| Trade and other payables | 14 | 568,301 | 516,290 |
| Contract liabilities | 14 | 428,535 | 547,183 |
| Borrowings | 11 | 22,906 | 21,468 |
| Lease liabilities | 20 | 2,155,819 | 2,084,326 |
| Employee benefits | 15 | 255,264 | 175,384 |
| **Total current liabilities** | | **3,430,825** | **3,344,651** |
| **Non-current** | | | |
| Contract liabilities | 14 | 131,193 | 368,648 |
| Borrowings | 11 | 6,984,081 | 7,434,928 |
| Lease liabilities | 20 | 40,972,484 | 41,952,676 |
| Employee benefits | 15 | 8,672 | 24,840 |
| **Total non-current liabilities** | | **48,096,430** | **49,781,092** |
| **Total liabilities** | | **51,527,255** | **53,125,743** |
| **Net assets/(liabilities)** | | **(4,075,663)** | **(5,226,939)** |
| **Equity** | | | |
| Share capital | 16 | 100 | 100 |
| Accumulated losses | | (4,075,763) | (5,227,039) |
| **Total equity / (deficit)** | | **(4,075,663)** | **(5,226,939)** |

This statement should be read in conjunction with the notes to the financial statements.

**Consolidated Statement of Changes in Equity**

**For the year ended 30 June 2022**

| | Notes | Share capital $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|
| **Balance at 1 July 2020** | | **100** | **(5,581,957)** | **(5,581,857)** |
| Profit for the year | | - | 354,918 | 354,918 |
| Other comprehensive income | | - | - | - |
| **Total comprehensive income** | | - | 354,918 | 354,918 |
| **Balance at 30 June 2021** | | **100** | **(5,227,039)** | **(5,226,939)** |
| Profit for the year | | - | 1,151,276 | 1,151,276 |
| Other comprehensive income | | - | - | - |
| **Total comprehensive income** | | - | 1,151,276 | 1,151,276 |
| **Balance at 30 June 2022** | | **100** | **(4,075,763)** | **(4,075,663)** |

This statement should be read in conjunction with the notes to the financial statements.

**Consolidated Statement of Cash Flows**

**For the year ended 30 June 2022**

| | Notes | 2022 | 2021 |
|---|---|---|---|
| | | $ | $ |
| **Operating activities** | | | |
| Receipts from customers | | 8,658,174 | 7,956,641 |
| Payments to suppliers and employees | | (4,252,239) | (4,187,789) |
| Interest received | | 105 | 94 |
| Interest paid | 7 | (196,938) | (218,029) |
| **Net cash from operating activities** | | **4,209,102** | **3,550,917** |
| **Investing activities** | | | |
| Purchase of property, plant and equipment | | (426,625) | (3,055,483) |
| **Net cash used in investing activities** | | **(426,625)** | **(3,055,483)** |
| **Financing activities** | | | |
| Proceeds from loans | | - | 3,000,000 |
| Repayment of loans | | (449,409) | (880,349) |
| Payment of lease liabilities | | (2,091,466) | (2,053,725) |
| **Net cash from / (used in) financing activities** | | **(2,540,875)** | **65,926** |
| Net change in cash and cash equivalents | | 1,241,602 | 561,360 |
| Cash and cash equivalents, beginning of financial year | | 1,683,047 | 1,121,687 |
| **Cash and cash equivalents, end of financial year** | 9 | **2,924,649** | **1,683,047** |

This statement should be read in conjunction with the notes to the financial statements.

## 1 General information and statement of compliance

The financial report includes the consolidated financial statements and notes of Your DC Pty Ltd and Controlled Entities ('Consolidated Group' or 'Group').

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Your DC Pty Ltd is a for profit entity for the purpose of preparing the financial statements. The financial statements of Group comply with Australian Accounting Standards – Simplified Disclosures as issued by the Australian Accounting Standards Board (AASB).

These are the Group's first general purpose financial statements prepared in accordance with AASB 1060 General Purpose Financial Statements –Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The consolidated financial statements for the year ended 30 June 2022 were approved and authorised for issue by the Board of Directors on 25 August 2022.

## 2 Changes in accounting policies

2.1 New and revised standards that are effective for these financial statements

There are no new or revised standards effective for the first time this financial year that could have a material impact on the financial statements.

2.2 New Accounting Standards for Application in Future Periods

There are no new Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group that could have a material impact.

## 3 Going Concern

The financial report has been prepared on the basis of a going concern. The financial report shows the group made a profit of $1.2 million for the year ended 30 June 2022. This profit includes depreciation on right-of-use assets of $2.1 million and interest on lease liabilities of $1.0 million. For further information of operations and results of the Group for the year refer to information contained within the Directors' report. At 30 June 2022 the Statement of Financial Position shows negative equity of $4.1 million and current liabilities exceed current assets by $0.04 million including a lease liability of $2.2 million.

The Group's ability to continue as a going concern is contingent upon maintaining current operating cashflow. As at 30 June 2022 the Group has borrowing facilities available with related parties totalling $1.18 million which may be called upon if required for working capital requirements. If operating cashflow is not maintained and/or additional funds are not raised or the cash assets are depleted, the going concern basis may not be appropriate, with the result that the group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

## 4 Summary of accounting policies

### 4.1 Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

### 4.2 Basis of consolidation

The Group financial statements consolidate those of the Parent Group and all of its subsidiaries as of 30 June 2022. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

### 4.3 Revenue

Data centre services revenue primarily consists of recurring monthly service fees and upfront installation fees. Revenue from the provision of recurring monthly service fees is recognised in the accounting period in which the services are rendered. Installation fees are primarily comprised of installation services relating to a customer's initial deployment.

The Group provides installation services that are either sold separately or bundled together with the sale of services to a customer. Contracts for bundled sales of ongoing rack services and installation services are comprised of two performance obligations because the promises to provide rack services and provide installation services are capable of being distinct and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the ongoing services and installation services.

The Group applies the practical expedient in the revenue standard and does not disclose information about the transaction price allocated to remaining performance obligations on contracts that are unsatisfied, as the Group has the right to consideration from its customers in an amount that corresponds directly with the value to the customer of the Group's services to date.

Interest and dividend income

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividend income, other than those from investments in associates, are recognised at the time the right to receive payment is established.

### 4.4 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs' (see Note 7).

4.6 Property, plant and equipment

IT equipment, furniture and fittings, leasehold improvements and other are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Assets are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value. The following useful lives are applied:

- IT equipment (including server racks): 3-20 years
- other equipment: 3-20 years
- furniture and fittings: 10-20 years
- building improvements: 20-40 years

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

4.7 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Assets**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

*Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

1) Financial assets at amortised cost (debt instruments)

2) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

3) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

4) Financial assets at fair value through profit or loss

*Financial assets at amortised cost (debt instruments)*

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

1) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

2) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables.

*Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

1) The rights to receive cash flows from the asset have expired; or

2) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

*Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings including secured bank facilities.

*Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

*Loans and borrowings*

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

*Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

4.9 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

### 4.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### 4.11 Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

### 4.12 Employee benefits

#### Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating annual leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

#### Other long-term employee benefits

The Group's liabilities for long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

Post-employment benefit plans
The Group provides post-employment benefits through defined contribution plans. The Group pays fixed contributions into independent entities in relation to several State plans and insurance for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its superannuation guarantee obligations, which are recognised as an expense in the period that relevant employee services are received.

4.13 Provisions, contingent liabilities and contingent assets
Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

4.14 Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

4.15 Significant management judgement in applying accounting policies and estimation uncertainty
When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement
The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions (see Note 3.18).

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 3.14).

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

## 5 Revenue

The Group's revenue may be analysed as follows:

| | 2022 | 2021 |
|---|---|---|
| **Type of revenue** | **$** | **$** |
| Rack sales | 7,510,114 | 6,818,837 |
| Electricity recovery | 76,508 | 96,178 |
| Rack set-up | 381,970 | 446,576 |
| Fibre services | 927,837 | 779,533 |
| Hardware sales | - | 1,600 |
| Other revenue | 22,498 | 26,119 |
| **Sub-total revenue from contracts with customers** | **8,918,927** | **8,168,843** |
| Grant revenue | - | 50,000 |
| **Group revenue** | **8,918,927** | **8,218,843** |
| | | |
| Goods transferred at a point in time | 381,970 | 448,176 |
| Services transferred over time | 8,536,957 | 7,720,667 |
| **Total revenue from contracts with customers** | **8,918,927** | **8,168,843** |

All revenue is generated within Australia so no further geographical breakdown in provided.

## 6 Other expenses

| | 2022 | 2021 |
|---|---|---|
| | **$** | **$** |
| Electricity | 1,047,678 | 1,112,083 |
| Fibre costs | 751,867 | 630,822 |
| Rack set-up costs | 375,812 | 373,694 |
| Legal fees | 46,528 | 12,079 |
| Insurance | 77,718 | 74,858 |
| Marketing | 42,594 | 80,634 |
| Occupancy costs | 132,148 | 145,207 |
| ICT expenses | 72,778 | 84,614 |
| Equipment maintenance | 189,006 | 183,592 |
| Hardware purchases for resale | - | 1,177 |
| Other | 319,671 | 452,444 |
| **Other expenses** | **3,055,800** | **3,151,204** |

## 7 Finance costs and finance income

Finance costs for the reporting periods consist of the following:

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Interest paid for borrowings at amortised cost: | | |
| • Market Rate Loan | 68,950 | 50,268 |
| • Chattel mortgage | 3,034 | 4,745 |
| • Insurance premium funding | - | 2,957 |
| Bank and merchant fees | 8,176 | 9,455 |
| Interest on Lease liabilities | 988,251 | 1,007,583 |
| S Hicks working capital loan | 116,778 | 150,604 |
| **Total finance costs paid** | **1,185,189** | **1,225,612** |

Finance income for the reporting periods consisted of surcharges to customers to cover credit card merchant fees of $6,642 (2021: $5,138) and interest on bank deposits $105 (2021: $94).

## 8 Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of Your DC Pty Ltd at 25.0% (2021: 26.0%) and the reported tax expense/(benefit) in profit or loss are as follows:

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Profit before tax | 1,151,276 | 354,918 |
| Domestic tax rate for Your DC Pty Ltd | 25.0% | 26.0% |
| **Expected tax (expense)/benefit** | (287,819) | (92,279) |
| Adjustment for non-deductible expenses | (27,081) | (20,415) |
| Adjustment for non-taxable government grants | - | 13,000 |
| Movement in deferred tax asset not realised as recognition criteria not met | 314,900 | 99,694 |
| **Tax (expense)/benefit** | - | - |

Deferred tax assets have not been recognised in respect of the following:

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Tax losses – revenue | 730,653 | 929,736 |
| | **730,653** | **929,736** |

Unused revenue tax losses for which no deferred tax asset has been recognised at 30 June 2022 totalled $2,922,610 (2021: $3,718,943)

## 9 Cash and cash equivalents

Cash and cash equivalents consist the following:

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Cash on hand | 100 | 100 |
| Cash at bank | 2,924,549 | 1,682,947 |
| | **2,924,649** | **1,683,047** |

## 10 Trade and other receivables & Contract assets

10.1 Trade and other receivables consist of the following:

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Trade receivables, gross | 319,722 | 407,507 |
| Sundry debtors | 299 | - |
| **Financial assets** | **320,021** | **407,507** |
| Prepayments | 137,969 | 89,771 |
| **Non-financial assets** | **137,969** | **89,771** |
| | **457,990** | **497,278** |

Trade receivables are non-interest bearing and are generally on terms of 14 to 60 days.

10.2 Contract assets consist of the following:

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| **Current:** | | |
| Contract assets | 4,507 | 9,795 |
| **Non-financial liabilities** | **4,507** | **9,795** |
| **Non-current:** | | |
| Contract assets | 8,610 | 13,117 |
| **Non-financial liabilities** | **8,610** | **13,117** |
| **Total contract liabilities** | **13,117** | **22,912** |

Rent-free periods provided as incentives to customers contracting with the Group are recorded as contract assets and recorded as a reduction in sales revenue on a straight-line basis over the contract term.

## 11 Financial assets and liabilities

11.1 Categories of financial assets and liabilities

Note 4.10 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

| | Notes | Amortised cost | Total |
|---|---|---|---|
| | | $ | $ |
| **30 June 2022** | | | |
| **Financial assets** | | | |
| Trade and other receivables | 10 | 320,021 | **320,021** |
| Cash and cash equivalents | 9 | 2,924,649 | **2,924,649** |
| | | **3,244,670** | **3,244,670** |

| | Notes | Amortised Cost | Total |
|---|---|---|---|
| | | $ | $ |
| **30 June 2022** | | | |
| **Financial liabilities** | | | |
| Non-current borrowings | 11.2 | 6,984,081 | **6,984,081** |
| Current borrowings | 11.2 | 22,906 | **22,906** |
| Trade and other payables | 14 | 416,134 | **416,134** |
| Lease liabilities | 20 | 43,128,303 | **43,128,303** |
| | | **50,551,424** | **50,551,424** |

| | Notes | Amortised cost | Total |
|---|---|---|---|
| | | $ | $ |
| **30 June 2021** | | | |
| **Financial assets** | | | |
| Trade and other receivables | 10 | 407,507 | **407,507** |
| Cash and cash equivalents | 9 | 1,683,047 | **1,683,047** |
| | | **2,090,554** | **2,090,554** |

| | Notes | Amortised Cost | Total |
|---|---|---|---|
| | | $ | $ |
| **30 June 2021** | | | |
| **Financial liabilities** | | | |
| Non-current borrowings | 11.2 | 7,434,928 | **7,434,928** |
| Current borrowings | 11.2 | 21,468 | **21,468** |
| Trade and other payables | 14 | 387,750 | **387,750** |
| Lease liabilities | 20 | 44,037,002 | **44,037,002** |
| | | **51,881,148** | **51,881,148** |

11.2 Borrowings

Borrowings include the following financial liabilities:

| | Current | | Non-current | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| **Carrying amount at amortised cost:** | | | | |
| Secured Market Rate Bank Loan | - | - | 3,000,000 | 3,000,000 |
| Chattel Mortgages | 22,906 | 21,468 | 12,022 | 34,928 |
| S Hicks working capital loan | - | - | 1,392,268 | 1,542,268 |
| Loan from Your DC Investments Trust | - | - | 2,579,791 | 2,857,732 |
| | **22,906** | **21,468** | **6,984,081** | **7,434,928** |

Borrowings at amortised cost

On 16 September 2020 the Group exercised its option to purchase the Hawthorn Data Centre from GHK Hawthorn Pty Ltd, 100% funded by a secured market rate bank loan from Commonwealth Bank of Australia (CBA) which including UPS upgrades totalled $3.0 million. In May 2022 the facility limit was increased to $4.45 million to fund a power capacity upgrade of the Hawthorn Data Centre from 0.7MVA to 1.5MVA.

CBA hold a registered first mortgage over the Hawthorn Data Centre and a general deed of security over Your DC Pty Ltd in relation to the Hawthorn Data Centre loan.

The term has been extended to November 2025 and payments are interest only with a variable interest rate based on the Bank Bill Swap Bid Rate (BBSY). The weighted average interest rate over the year was 2.30% per annum (2021: 2.19%) and the rate at the reporting date was 3.69% per annum (2021: 2.14%). The carrying amount is considered to be a reasonable approximation of the fair value.

The Group has a loan agreement with Your DC Investments Trust whereby the Trust has provided $3.15 million in working capital funds to the Group. The facility has a balance at 30 June 2022 of $2,579,791 (2021: $2,857,732) and expires on 30 September 2023 at which time any principal balance must be repaid. The Group may make earlier repayments and in any case must repay the balance of the loan prior to paying any dividends. There is no interest directly charged on the loan. A 9% yield on the loan facility limit is included within the calculation of rental payments on the lease between the two entities. The Group made a repayment of $277,941 during the year (2021: $292,268).

A second ranking mortgage over the Hawthorn Data Centre and a general security deed over the assets of Your DC Pty Ltd, subordinated to CBA, are held by the Trust and registered on the Personal Property Securities Register (PPSR).

On 24 May 2016 the Group entered into a subordinated unsecured working capital loan agreement with Scott Hicks, a Director, whereby Mr Hicks will provide up to $2.00 million in working capital funds to the Group. The facility expires on 30 September 2023 at which time any principal balance must be repaid. The Group may make earlier repayments and in any case must repay the balance of the loan prior to paying any dividends. The interest rate is fixed at 8.00% per annum. The Group made principal and accrued interest payments totalling $266,778 during the year (2021: $464,554). At the reporting date balance of the loan was $1,392,268 (2021: $1,542,268) and there was no accrued interest.

11.3 Other financial instruments

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- trade and other receivables
- cash and cash equivalents
- trade and other payables

## 12 Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amount are as follows:

| | Furniture & Fittings | Land | Buildings | IT equipment | Other equipment | Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| **Gross carrying amount** | | | | | | |
| Balance 1 July 2021 | 25,061 | 854,762 | 1,001,743 | 1,043,989 | 1,589,263 | 4,514,818 |
| Additions | - | - | 56,240 | 201,135 | 258,561 | 515,936 |
| Disposals | - | - | - | - | - | - |
| **Balance 30 June 2022** | **25,061** | **854,762** | **1,057,983** | **1,245,124** | **1,847,824** | **5,030,754** |
| **Depreciation** | | | | | | |
| Balance 1 July 2021 | 8,597 | - | 32,675 | 400,022 | 183,723 | 625,017 |
| Depreciation | 1,492 | - | 33,160 | 89,578 | 114,545 | 238,775 |
| Disposals | - | - | - | - | - | - |
| **Balance 30 June 2022** | **10,089** | **-** | **65,835** | **489,600** | **298,268** | **863,792** |
| **Carrying amount 30 June 2022** | **14,972** | **854,762** | **992,148** | **755,524** | **1,549,556** | **4,166,962** |

| | Furniture & Fittings | Land | Buildings | IT equipment | Other equipment | Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| **Gross carrying amount** | | | | | | |
| Balance 1 July 2020 | 25,061 | - | 39,923 | 876,009 | 499,026 | 1,440,019 |
| Additions | - | 854,762 | 976,128 | 170,525 | 1,124,632 | 3,126,047 |
| Disposals | - | - | (14,308) | (2,545) | (34,395) | (51,248) |
| **Balance 30 June 2021** | **25,061** | **854,762** | **1,001,743** | **1,043,989** | **1,589,263** | **4,514,818** |
| **Depreciation** | | | | | | |
| Balance 1 July 2020 | 7,105 | - | 8,168 | 298,021 | 99,858 | 413,152 |
| Depreciation | 1,492 | - | 24,959 | 104,545 | 85,899 | 216,895 |
| Disposals | - | - | (452) | (2,544) | (2,034) | (5,030) |
| **Balance 30 June 2021** | **8,597** | **-** | **32,675** | **400,022** | **183,723** | **625,017** |
| **Carrying amount 30 June 2021** | **16,464** | **854,762** | **969,068** | **643,967** | **1,405,540** | **3,889,801** |

A number of other upgrades were undertaken during the year including the installation of new Computer Room Air-conditioning (CRAC) units in Data Hall 2 at Hawthorn and the commencement of a Hawthorn power capacity upgrade to meet customer demand.

## 13 Right-of-use assets

| | Edinburgh Parks | Hawthorn | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Gross carrying amount** | | | |
| Balance 1 July 2021 | 45,963,364 | - | 45,963,364 |
| Additions | 194,516 | - | 194,516 |
| Lease termination | - | - | - |
| Balance 30 June 2022 | 46,157,880 | - | 46,157,880 |
| **Depreciation** | | | |
| Balance 1 July 2021 | (4,157,598) | - | (4,157,598) |
| Depreciation | (2,111,408) | - | (2,111,408) |
| Lease termination | - | - | - |
| Balance 30 June 2022 | (6,269,006) | - | (6,269,006) |
| **Carrying amount 30 June 2022** | **39,888,874** | **-** | **39,888,874** |
| | | | |
| **Gross carrying amount** | | | |
| Balance 1 July 2020 | 45,531,772 | 189,797 | 45,721,569 |
| Additions | 431,592 | - | 431,592 |
| Lease termination | - | (189,787) | (189,787) |
| Balance 30 June 2021 | 45,963,364 | - | 45,963,364 |
| **Depreciation** | | | |
| Balance 1 July 2020 | (2,069,626) | (189,797) | (2,259,423) |
| Depreciation | (2,087,972) | - | (2,087,972) |
| Lease termination | - | 189,797 | 189,797 |
| **Balance 30 June 2021** | **(4,157,598)** | **-** | **(4,157,598)** |
| **Carrying amount 30 June 2021** | **41,805,766** | **-** | **41,805,766** |

The Group leases the Edinburgh Parks Data Centre from Your DC Investment Trust with an initial 15-year term ending July 2031 and two additional 10-year options. The rent escalates by 3% each year during the terms and is re-negotiated on renewal. The lease payments were adjusted by $10k per annum during the year to reflect $103k in capital expenditure at the Edinburgh Parks Data Centre funded by the Trust on behalf of the Group.

The Hawthorn right-of-use asset balances were reversed upon the Group's acquisition of the property in September 2020.

The Group leases office equipment under agreements of five years. These leases are low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

## 14 Trade and other payables & Contract liabilities

### 14.1 Trade and other payables

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Current: | | |
| Trade payables | 306,113 | 324,684 |
| Goods and Services Tax | 56,554 | 33,002 |
| Credit card balances | 10,414 | 4,176 |
| Withholding taxes payable | 31,178 | 18,862 |
| Superannuation payable | 11,874 | 7,027 |
| **Financial liabilities** | **416,134** | **387,750** |
| Accrued expenses | 152,168 | 128,540 |
| **Non-financial liabilities** | **152,168** | **128,540** |
| **Total trade and other payables** | **568,301** | **516,290** |

All amounts are short-term. The carrying values of trade and other payables are considered to be a reasonable approximation of fair value.

### 14.2 Contract liabilities

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| **Current:** | | |
| Unearned income | 428,535 | 547,183 |
| **Non-financial liabilities** | **428,535** | **547,183** |
| **Non-current:** | | |
| Unearned income | 131,193 | 368,648 |
| **Non-financial liabilities** | **131,193** | **368,648** |
| **Total contract liabilities** | **559,728** | **915,831** |

Payments from customers in advance are initially recorded as unearned income and recognised as revenue on a straight-line basis over the period to which each payment relates.

## 15 Employee remuneration

15.1 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Wages and salaries | 997,752 | 946,454 |
| Salaries accrued | (19,491) | 2,583 |
| Directors' Fees | 25,000 | 25,000 |
| Annual leave expense | 10,498 | 25,372 |
| Long service leave expense | 46,873 | 29,674 |
| Subscriptions | 12,505 | 12,739 |
| Superannuation | 94,334 | 86,045 |
| Other | 15,755 | 13,390 |
| **Employee benefits expense** | **1,183,226** | **1,141,257** |

15.2 Employee benefits

The liabilities recognised for employee benefits consist of the following amounts:

| | 2022 | 2021 |
|---|---|---|
| Current: | $ | $ |
| • Annual leave liability | 105,827 | 95,330 |
| • Accrued Salaries | 18,634 | 12,292 |
| • Provision for long service leave | 130,803 | 67,762 |
| **Current employee obligations** | **255,264** | **175,384** |
| Non-current: | | |
| • Provision for long service leave | 8,672 | 24,840 |
| **Non-current employee obligations** | **8,672** | **24,840** |

## 16 Equity

16.1 Share capital

The share capital of Your DC Pty Ltd consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting.

| | 2022 Shares | 2021 Shares | 2022 $ | 2021 $ |
|---|---|---|---|---|
| Shares issued and fully paid: | | | | |
| • beginning of the financial period | 37,669 | 37,669 | 100 | 100 |
| **Total contributed equity at 30 June** | 37,669 | 37,669 | 100 | 100 |

There were no shares or options issued during the year (2021: Nil).

## 17 Related party transactions

The Group's related parties include its key management and others as described below. Key management of the Group are the members of Your DC Pty Ltd's Board of Directors. The CFO and Group Secretary, Rolf Heinrich, is also considered key management personnel.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

17.1 Transactions with key management personnel

Key management personnel remuneration includes the following expenses:

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Total key management personnel remuneration | 458,788 | 432,361 |

On 24 May 2016 the Group entered into a subordinated unsecured working capital loan agreement with Scott Hicks, a Director, whereby Mr Hicks will provide up to $2.00 million in working capital funds to the Group. The facility expires on 30 September 2023 at which time any principal balance must be repaid. The Group may make earlier repayments and in any case must repay the balance of the loan prior to paying any dividends. The interest rate is fixed at 8.00% per annum. The Group made principal and accrued interest payments

totalling $266,778 during the year (2021: 464,554). At the reporting date balance of the loan was $1,392,268 (2021: $1,542,268) and there was no accrued interest.

17.2 Transactions with other related parties

Other related parties include close family members of KMP and entities that are controlled or jointly controlled by those KMP or their close family members, individually or collectively with family members or KMP.

Your DC Investments Trust is deemed to be a related party due to a number of factors including:
- Common Board and management of the Trustee Group
- Common investor group
- Non-commercial terms of some agreements such as an interest free loan to Your DC Pty Ltd

*Lease with Your DC Investments Trust*
Your DC Pty Ltd entered into an operating lease effective 1 July 2016 with Your DC Investments Trust for 15 years with option periods of a further 10 + 10 years. The lease agreement provides for a ramp up in rental payments followed by annual inflation increases or rental reviews after the initial 15-year period (See note 21 for further details). Total lease payments made during the year were $2,091,466 (2021: $2,012,709).

*Loan from Your DC Investments Trust*
Your DC Pty Ltd entered into a loan agreement with Your DC Investments Trust on 15 July 2015 (amended on 3 March 2016) whereby the Trust will provide up to $3.15 million in working capital funds to the Group. The facility expires on 30 September 2023 at which time any principal balance must be repaid. The Group may make earlier repayments and in any case must repay the balance of the loan prior to paying any dividends. There is no interest directly charged on the loan. A yield on the loan facility limit is included within the calculation of rental payments on the lease between the two entities. The Group made a repayment of $277,941 during the year (2021: $292,268).

A second ranking mortgage over the Hawthorn Data Centre and a general security deed over the assets of Your DC Pty Ltd, subordinated to CBA, are held by the Trust and registered on the Personal Property Securities Register (PPSR).

Details of loan transactions occurring during the period are as follows:

| | **2022** | **2021** |
|---|---|---|
| | **$** | **$** |
| Balance of loans to Your DC Investments Trust payable at year-end | 2,579,791 | 2,857,732 |
| Loan funds advanced during period | - | - |
| Loan funds repaid during period | 277,941 | 292,268 |

## 18 Contingent liabilities

In October 2017 the Group entered into a deed of indemnity with Your DC Investments Trust whereby the Group identifies the Trust for any losses relating to Building Upgrade Finance (BUF) agreements the Trust entered into to fund 199.13kW Solar PV installation at Edinburgh Parks Data Centre or the operation of the Solar PV system. Your DC Pty Ltd reimburses the BUF charges on a quarterly basis and does not anticipate any other losses to arise. A provision has therefore not been recognised. The balance of the BUF facility at balance date was $186,581 (2021: $216,180).

There were no warranty or legal claims brought against the Group during the year or previous year.

## 19 Interests in subsidiaries

### 19.1 Composition of the Group

Set out below details of the subsidiaries held directly by the Group:

| Name of the subsidiary | Country of incorporation and principal place of business | Principal activity | Proportion of ownership interests held by the Group | |
|---|---|---|---|---|
| | | | 30 June 2022 | 30 June 2021 |
| YourFibre Pty Ltd | Australia, 60 Belair Rd Hawthorn SA | Provision of fibre services | 100% | 100% |

## 20 Lease liabilities

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| **Current:** | | |
| Edinburgh Parks Data Centre | 2,155,819 | 2,084,326 |
| **Total current** | **2,155,819** | **2,084,326** |
| **Non-current:** | | |
| Edinburgh Parks Data Centre | 40,972,484 | 41,952,676 |
| **Total non-current** | **40,972,484** | **41,952,676** |
| **Total lease liabilities** | **43,128,303** | **44,037,002** |

| | | |
|---|---|---|
| **Edinburgh Parks Data Centre** | | |
| As at 1 July | 44,037,002 | 44,610,536 |
| Additions | 194,516 | 431,592 |
| Accretion of interest | 988,251 | 1,007,583 |
| Payments | (2,091,466) | (2,012,709) |
| **As at 30 June** | **43,128,303** | **44,037,002** |

| | | |
|---|---|---|
| **Future lease payments in relation to lease liabilities at year end are as follows** | | |
| Within one year | 2,155,819 | 2,084,326 |
| Later than one year but not later than five years | 11,790,219 | 11,395,837 |
| Later than five years | 40,214,113 | 42,523,593 |
| | **54,160,151** | **56,003,756** |

## 21 Parent entity information

Information relating to Your DC Pty Ltd ('the Parent Entity'):

| | 2022 $ | 2021 $ |
|---|---|---|
| **Statement of financial position** | | |
| Current assets | 2,996,497 | 1,982,217 |
| Total assets | 47,035,904 | 47,652,641 |
| Current liabilities | 3,574,042 | 3,748,226 |
| Total liabilities | 51,527,256 | 53,125,743 |
| Net assets / (liabilities) | (4,491,352) | (5,473,102) |
| Issued capital | 100 | 100 |
| Retained earnings | (4,491,452) | (5,473,202) |
| Total equity / (deficit) | (4,491,352) | (5,473,102) |

| | 2022 $ | 2021 $ |
|---|---|---|
| **Statement of profit or loss and other comprehensive income** | | |
| Profit for the year | 981,749 | 225,917 |
| Other comprehensive income | - | - |
| Total comprehensive income | 981,749 | 225,917 |

The Parent Entity has not entered into a deed of cross guarantee. Contingent liabilities at the year end are disclosed in Note 18.

## 22 Capital commitments

The Group has capital commitments relating to an upgrade of Hawthorn Data Centre power infrastructure totalling $247,146 (2021: Nil).

## 23 Auditors remuneration

During the year ended 30 June 2022, total fees paid or payable by the Group for services provided by Grant Thornton were as follows:

| | 2022 $ | 2021 $ |
|---|---|---|
| Audit of financial reports | 13,500 | 12,000 |
| **Total** | **13,500** | **12,000** |

## 24 Post-reporting date events

There are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the entity's operations in future financial years
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years

**Directors' Declaration**

In the opinion of the Directors of Your DC Pty Ltd:

a The consolidated financial statements and notes of Your DC Pty Ltd are in accordance with the *Corporations Act 2001*, including

i Giving a true and fair view of its financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

ii complying with Accounting Standards – General Purpose Financial Statements – Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

b There are reasonable grounds to believe that Your DC Pty Ltd will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Director
Scott Hicks

Dated the 25 day of August 2022

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# Independent Auditor's Report

## To the Members of Your DC Pty Ltd

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Your DC Pty Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Material uncertainty related to going concern

We draw attention to Note 3 in the financial statements, which indicates that the Group's current liabilities exceeded its current assets by $43,679 and total liabilities exceed total assets by $4,075,663. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's Directors' report for the year ended 30 June 2022, 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 – Reduced Disclosure Requirements and the *Corporations Act 2001*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the 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 have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

J L Humphrey

Partner – Audit & Assurance

Adelaide, 25 August 2022