

thedocyard

2020 Annual Report



thedocyard Limited: ABN 19 602 586 407

**OWN
THE DEAL**

with thedocyard.



1,300+

Employees nationwide

Leading international business advisor & major global accounting organisation

“thedocyard is becoming an integral part of how we run M&A processes. The core data room functionality is essential on all transactions. However, thedocyard offers so much more functionality to provide a better client experience and greater efficiency in our processes.”

Holly Stiles,
Partner, Financial Advisory

BUILDING MOMENTUM

**Expanding internationally via a
targeted digital campaign**

4+

Initial Target Markets

Australia, New Zealand, Singapore, and the United Kingdom, with a view to expand internationally

500,000+

Deal makers

Reached by digital marketing campaign influencing over half a million corporate deal-makers and advisors

88,747+

Views of Product Videos

Driven by lean, highly precise digital marketing across LinkedIn, Facebook and YouTube. Views reflect first 3 weeks of campaign

386%

Increase in Clicks Delivered

Within first 3 weeks of sophisticated search campaign developed by OPR & Neo

VELOCITY GROWTH & NETWORK EFFECT

*Our focus for the next financial year: unlocking the full potential of our **target markets**, amplifying our **network effect**, and unleashing the **global growth** of our user base.*

2157+

Unique organisations

Untapped target customer base that has utilised the TDY platform as an invited member

7540+

Total number of users

Our users from Australia, Asia, the UK and US, reflecting TDY's global reach

350+

Active Deals

Unique transactions moving through thedocyard as of 30 June 2020

***BUILT BY
DEAL-MAKERS***

FOR DEAL-MAKERS.

ANNUAL BUSINESS REPORT

a year of consolidated growth

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OUR **VISION**

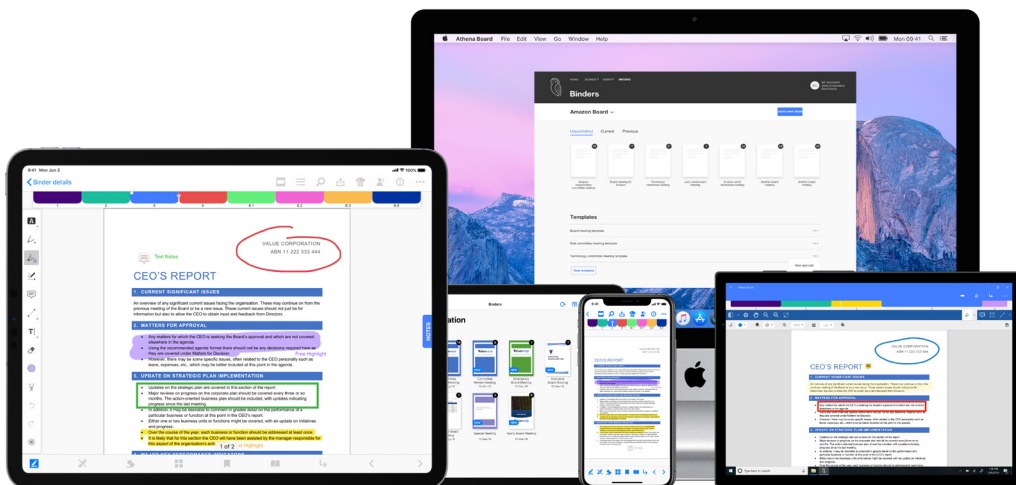
***establish thedocyad
as the trusted
business management
technology partner
for corporates and
their advisors.***

OUR SOFTWARE

thedocyard

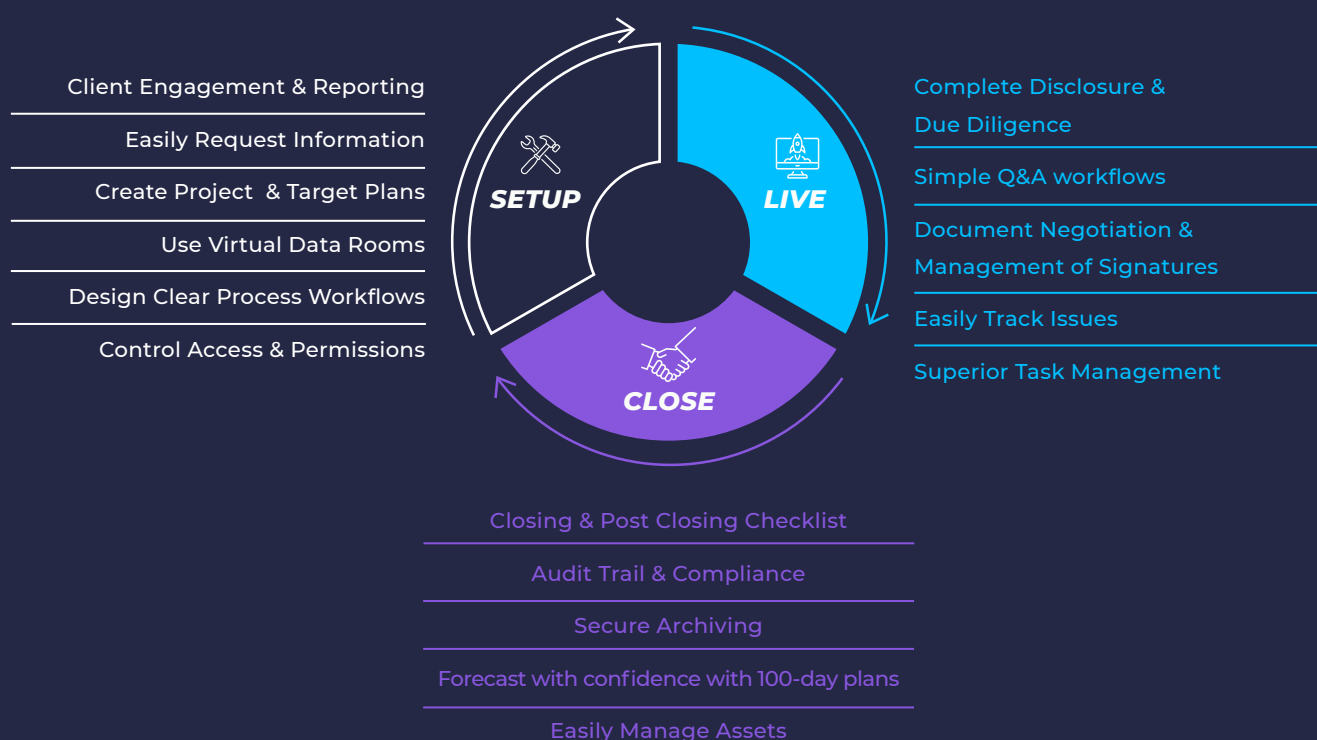


Athena



thedocyard

delivers end-to-end deal management from setup, transaction to close.



What distinguishes thedocyard?

Customisation

thedocyard recognises that every business has different needs by providing our clients the flexibility to customise our product to meet their specific requirements.

Ease of Use

thedocyard allows your clients to get setup within a day through self-onboarding, video tutorials and a local helpdesk. Intuitive design is baked into the platform, making it easy to learn and use.

Security

thedocyard offers a secure platform that complies with the latest privacy and security policies. We have multiple fail-safes in place, constantly stress-test security, and conduct penetration testing and automated monitoring to protect our clients' confidential information.

Global Growth Strategy

thedocyard is going global through an integrated marketing campaign to expand to the UK, Asia and APAC throughout 2020 and 2021.

Acquisition of Athena Board

Our acquisition of Athena Board, a simple, secure board meeting management platform, is a solution highly adjacent to where we play in the deals space.

Athena

is a secure online board management portal to digitise meetings

In June 2020, thedocyard acquired LockBox Technologies Pty Ltd, the Australian technology company which built Athena Board. Athena delivers an easy to use and fully secure board management portal for creating, sharing and viewing documents online, from any device.

This acquisition positions thedocyard as a global provider of 'Technology Business Management Software Solutions', leveraging cross-sell opportunities across our deal management and board portal platforms.

It provides an entry point into the enterprise file sync and sharing (EFSS) market (valued at USD 10.9 Billion in 2018) and is projected to reach USD 35.58 billion by 2023.

It also provides an entry point into the board portal management software (BPMS) market, valued at USD 2.48 billion in 2018 and is projected to reach USD 10.48 billion in 2026.

What distinguishes Athena?



All-digital meeting process

Easy-to-use meeting solution covering the entire process from scheduling to digital signature.



Digital Resolutions

Increase productivity by creating minutes and digitally signing memos, easily and securely.



Meeting materials always with you

Works on iPad/iPhone, macOS and Windows 10 devices with touch optimised user interface.



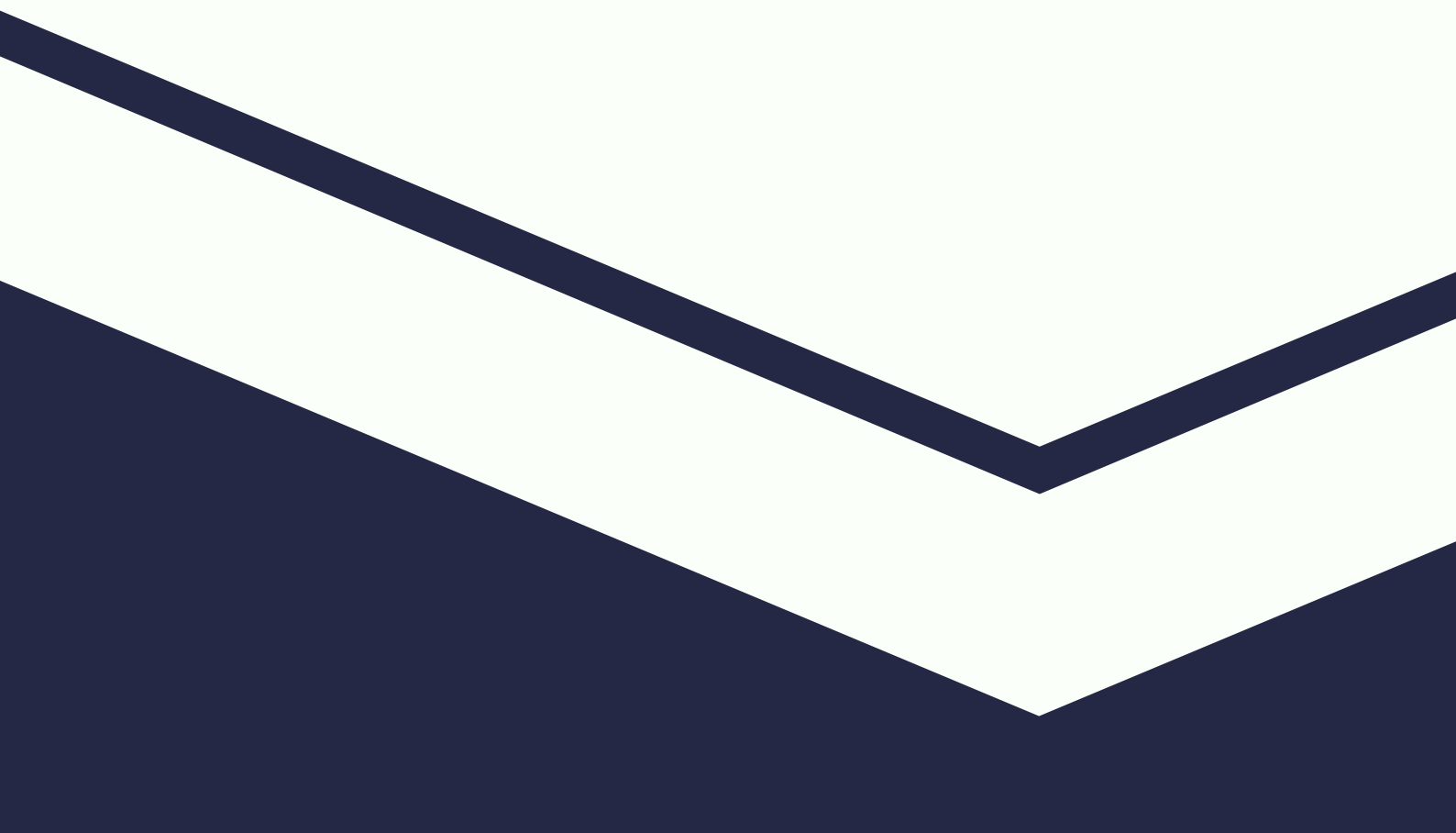
Collaborate securely

Share the meeting agenda and confidential board documents securely. Make personal comments and annotations on your mobile device.



athenaboard.com.au

CEO REPORT



DEAR SHAREHOLDER,

Our mission at thedocyard is to be the trusted technology partner to the world's corporates, funds and their advisors. We have a laser focus on developing and marketing technology solutions which optimise critical business events and securing the critical data needed to execute those events.

Today we offer two clear and distinct solutions which deal with the two most common of critical business events:

1. transactions, and
2. board meetings.

thedocyard's deal management platform has already established its pedigree as the future of how deals get done, rightfully claiming the dealtech 2.0 label. Its data room "plus" offer continues to gain traction and loyalty from those working on deals, with the workflow and project management capabilities clearly differentiating the offer from the traditional data room only offer.

In the board portal space, thedocyard recent acquisition of the Athena Board technology squarely places us at the forefront of an ever growing market around the digitisation and securing of board papers and the meeting process. The board portal market is predicted to triple in the next 5 years and the Athena offer is quickly gaining the reputation of being the best technical solution with the best value offer on the market.

thedocyard is extremely well placed to establish itself as a global technology player in the enterprise software market and has quickly positioned itself as a true innovator and game changer in the traditional transactional and board technologies markets.

With leading solutions, a very clear orientation towards innovation, technical excellence, customer experience and marketing prowess, I could not be more proud of where the business is today, or optimistic about where we are going to be tomorrow.

Highlights of FY20

Clearly the material highlight of the year was successfully IPO'ing on the ASX, which occurred on 14 February 2020. Getting our IPO done in what is regarded as a tough market is testament to the team, our advisors and mostly, to our story. The market understands and supports our vision, and is closely connected to the problems we solve. I fully expect that understanding to increase into the next financial year as more and more of the market participants engage with us as customers as well as investors.

Hot on the heels of our IPO, we closed the acquisition of LockBox Technologies, which is the developer of the Athena Board solution. The Athena Board solution challenges the traditional players in the board portal space and its superior technology offer, security and value are seeing it make significant in-roads into corporate boardrooms. And this highlights the strategic cross over for the deal management solution, enabling us as a business to hold trusted technology roles for our customers across their boards and their deals. This crossover presents significant cross sell opportunities and heightens our already significant network effect across our identified customer ecosystem.

Another key highlight for the year has been achieving Microsoft IP Co-Sell status, which opens up the global sales power of Microsoft to us. This channel cannot be overestimated in terms of reach, and a key focus for the next 12 months will be effective and aggressive activation of the Microsoft channel across our solutions set.

We also launched a world first fully automated deal workflow and data room launch portal, direct from our website. This allows customers to launch and start their deal on our technology with zero friction, zero touch points and 100% autonomy. This represents a huge step towards giving our users the consumer software experience they know and love, in an enterprise setting. This represents a huge step forward for our business and our ability to quickly, seamlessly and profitably provision new customers.

With the listing on the ASX we expanded our board and brought in deeper ASX expertise to complement my entrepreneurial spirit. It was wonderful to welcome both Steven and James to the board prior to the listing. Both have provided frequent and considered input and guidance beyond the cadence of formal meetings.

**We are only just
getting started at**

thedocyard.

MOVING FORWARD IN FY21

There are not a lot of positive things to say about COVID, but for those interested in what we do, there is a distinct silver lining. I believe the digitisation of how we all work has moved forward 10 years in 10 months.

We are in the game of digitising and securing critical business events and data, we were built for this terrain. And I expect to see some of the fundamental shifts around how we work to stick far beyond the inevitable vaccine and return to "normal".

People have now tasted the elixir of true professional flexibility, and in the main we have made it work because, well, we had to. This is notwithstanding the (still) clunkiness and low quality of most video conferencing platforms, the inadequacy (ongoing) of email and the total unreadiness for the violent shift to working from home.

The craving for deeper, better, safer, easier to use digital workflow platforms which are oriented to what you do (bespoke, tailored, empathetic) has never been greater.

We are in the business of tailored digital workflow, focussed on transactions and boards, two key business activities that are as sure to happen as paying tax and the sun rising. So to say I am optimistic about our future is an understatement.

We are sitting at the intersection of digital workflow, compliance, data safety and customer experience at a time when the prevailing winds are go digital, power remote working, keep my data safe and all the while improve my customer experience.

**This is a heady mix of time and place.
The year ahead is looking bright.**

As I reflect on the year that was, I cannot think of anything else other than the people that have made it possible for me to be writing this report.

Our customers who trust us time and time again, our staff who turn up every day focussed on being authentic, on caring, on being innovative and on keeping everyone in our ecosystem safe.

Our investors who understand the value of what we are doing and continue to trust and follow us.

Our partners and suppliers who work with us every day and who contribute materially to making the magic happen.

I feel humbled every day to work with all of the people in our ecosystem, and inspired by what they show me and teach me every day.

A business is just a collection of people, when you get down to it, so it is fitting to end this report saying thank you, thank you, thank you to all of the people in thedocyard's world. Let's go around again next year!

Stuart Clout
CEO+FOUNDER

thedocyard Limited

Annual Financial Report

For the year ended **30 June 2020**



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CORPORATE DIRECTORY



CORPORATE DIRECTORY

Directors	Steven Coffey James Walker (resigned 10 August 2020) Stuart Clout Neale Java (appointed 10 August 2020)
Company Secretary	Marika White
Registered Office	Suite 4201, Level 42 Australia Square Sydney NSW 2000 Phone: 1800 952 921
Principal Place of Business	Level 17 175 Pitt Street Sydney NSW 2000
Share Register	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Phone: (02) 9290 9600
Auditor	HLB Mann Judd Assurance (NSW) Pty Ltd Level 19, 207 Kent Street Sydney NSW 2000
Solicitor	Herbert Smith Freehills ANZ Tower 161 Castlereagh Street Sydney NSW 2000
Bankers	National Australia Bank 85-95 Marrickville Road Marrickville NSW 2204
Securities Exchange Listing	thedocyard Limited shares are listed on the Australian Securities Exchange (ASX Code: TDY)
Website	www.thedocyard.co/
Corporate Governance Statement	The Company's Corporate Governance Statement is available on the Company's website at: www.thedocyard.co/investors/

DIRECTORS' REPORT



DIRECTORS' REPORT

The Directors present their report together with the financial statements of the Company comprising of thedocyard Limited ('the Company') for the year ended 30 June 2020 and the auditor's report thereon.

DIRECTORS

The Directors of the Company at any time during the year ended 30 June 2020 and up to the date of this report are:

Name, qualification and independence status	Experience, special responsibilities and other directorships
Executive	
<p>Mr. Stuart Clout</p> <p><i>B.A. LL.B</i></p> <p><i>Director</i></p> <p><i>Chief Executive Officer</i></p> <p>Appointed 29 October 2014</p>	<p>Stuart Clout is the Founder and Chief Executive Officer of thedocyard. Prior to founding thedocyard Stuart practiced as a corporate lawyer both in large law firm partnership with Colin Biggers & Paisley in Sydney and in house with the Tesco Group, a Fortune 100 company in London. Stuart has over 15 years' experience as a corporate transactional lawyer and is an admitted solicitor in both NSW and England & Wales. In private practice Stuart acted for a variety of large private and listed corporate clients, primarily on M&A and transactional matters. His focus at Tesco was on both corporate and commercial transactions. This deep experience both on advisor and client side is what lead to the insights from which thedocyard was born.</p> <p>During the past three years Stuart has not held directorship of any other listed companies.</p>
<p>Mr. Neale Java</p> <p><i>EMBA, EPGC, MAppFin, B.E.E</i></p> <p><i>Director</i></p> <p><i>Chief Financial Officer/Chief Operating Officer</i></p> <p>Appointed as Director 10 August 2020</p>	<p>Neale is an experienced commercial and technical operator who brings proven results in setting strategy, shaping development and directing execution to deliver the growth and profitability agendas of businesses.</p> <p>Neale's unique experience stems from industries that are innovating through their service offering or experimenting with new business models.</p> <p>Neale focuses on the execution of the thedocyard's vision, growth and enablement efforts.</p> <p>During the past three years Neale has not held directorship of any other listed companies.</p>

Non-Executive

Mr. Steven Coffey

CA B.Comm

Independent Non-Executive Director

Chairman

Appointed to the Board 13 August 2019

Appointed as Chairman 10 August 2020

Steven has extensive board experience, having served as Director of Kazia Therapeutics Limited (November 2012 - present). Prior to this, he served on the board and acted as company secretary of an ASX listed public company and sits on the board of a number of large private family companies. He audits a number of large private companies and not-for-profit entities.

As a chartered accountant and registered company auditor, Steven brings over 35 years' experience in the accounting and finance industry. He has been a partner in the chartered accounting firm Watkins Coffey Martin since 1993.

Steven has vast experience in assisting businesses of all sizes reach their potential. In his seven year role as a non-executive director of Kazia, he has been involved with the complete transformation of the company, assisting with raising capital, making acquisitions and overseeing the management of capital once funding has been received.

Steven serves as Chairman and Chair of the Audit and Risk Committee and the Nomination and Remuneration Committee.

Mr. James Walker

GAICD, FCA, B.Comm

Appointed as Chairman 13 August 2019

Resigned 10 August 2020

James is an experienced leader in commercialising technology in new markets, with roles as a Non- executive Director and Chief Executive of ASX-listed companies or Chief Financial Officer at a UK, AIM-listed technology company as well as executive roles in other growth companies.

James has over 25 years' experience as a chartered accountant and company secretary of various high growth private companies. More recently James successfully completed the ASX-IPO of DroneShield (ASX:DRO) and before that was the Chief Financial Officer of Seeing Machines Ltd (AIM: SEE), an AIM-listed company that utilises advanced algorithms for detection of driver fatigue and distraction.

James thrives on commercialising technology and building new global markets, with extensive experience across a wide range of international high growth businesses, including data-driven customer experience, sensor systems, mining technology services, automotive, aviation, biotechnology, hotel telemarketing, drone detection and security sectors. Through his roles James has completed M&A transactions, IPO listings, follow-on share placements and other capital raisings for private companies as well as ASX and London (AIM) listed companies.

During the past three years, James has served as a Director of the following other listed companies; BluGlass Limited (July 2017 - present) and Digital Wine Ventures Ltd (September 2019 - present).

COMPANY SECRETARY

Marika White was appointed to the position of Company Secretary on 10 October 2019.

Marika is Executive Director of Emerson Operations Pty Ltd and provides tailored company secretarial and compliance services to a range of public, private and non-for-profit organisations in Australia and internationally. Marika has extensive company secretarial experience in the Australian and international markets including a previous in-house role at Saudi Aramco, the world's largest oil company.

DIRECTORS' MEETINGS

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

	Board of Directors		Audit and Risk Committee		Nomination and Remuneration Committee ⁽¹⁾	
	A	B	A	B	A	B
Stuart Clout	8	8	2	2	-	-
James Walker	8	8	2	2	-	-
Steven Coffey	8	8	2	2	-	-

A – Eligible to attend

B – Attended

(1) Matters of remuneration and nomination were handled at a board level during the financial year. Formal Nomination and Remuneration Committee meetings will commence in the next financial year.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year was to develop and provide cloud - based software designed to allow all aspects of legal and financial transactions to be undertaken on the one central platform. thedocyard operates a Software as a Service (SaaS) business model with its main target clients being organisations that undertake large or complex transactions or deals on a regular basis such as legal and accounting firms, corporate and financial advisers, financial institutions and listed or multinational companies.

OPERATING AND FINANCIAL REVIEW

Review of operations

The 2020 financial year has been another year of significant advancements for the Company, including an increase in both revenue and in the number of customers using the technology. Key highlights:

- Diverse set of clients attracted due to shift to digital – Market leaders from sectors such as healthcare, logistics, software, financial services, government services, legal services and consulting have started to use the platform for variety of key transactions
- Microsoft Co-Sell Ready status achieved - This is a top tier partner status and the Company is among a select community - 1 of 294 companies globally - with special access to co-sell resources and the worldwide Microsoft sales team
- New Talent - We have attracted new talent and made changes in personnel to accelerate product development, expand our sales team and initiate growth marketing activities.
- Low Touch Sales Model - Launch of a low touch sales model in July 2020, allows Corporate advisors, Legal advisors and Corporate development managers to onboard through the refreshed homepage.
- Integrated Marketing Campaign - With OPR, Neo and Hill+Knowlton Strategies (WPP AUNZ agencies) we launched an international growth marketing campaign.
- Addition of Board Portal Software - Addition of Athena Board to our solutions set via the acquisition of 100% of Lockbox Technologies Pty Ltd in early July 2020.
- Capital Raising - Initiated Institutional Placement in early July in line with our growth strategy and expansion plans.

The Company's activities were funded throughout 2020 via the ongoing operations of the business and the raising of equity through the Initial Public Offering (IPO) completed on the 14th of February 2020.

thedocyard Board and management look forward to delivering commercial outcomes for our shareholders in the upcoming financial year.

As at 30 June 2020, the Company had \$2,711,238 of cash reserves. This cash position has been supplemented by the Company receiving commitments in relation to a proposed capital raising of \$1,020,340 by way of an institutional placement subject to shareholder approval. The proposed institutional placement aligns with the Company's growth strategy and expansion plans in Australia, New Zealand, U.K. and Asia.

Total net cash used in operating activities for the year was \$1,742,226, with expanded operations including the hiring of new team members and the continued development of thedocyard's platform technology.

Customer cash receipts in the year were \$845,877, generated from platform activity.

Following the IPO and in accordance with the external loan agreement, on 25 February 2020 the Company repaid an amount of \$273,987 to the lender. Since that date, the Company continues to remain debt free.

Businesses around the world are operating with a high level of uncertainty surrounding COVID-19. The Company has a strong foundation that will enable us to deliver on our performance targets in a digital environment. The Company's SaaS business model allows it to be adaptable to the evolving external variables and optimise opportunities in the deals and transactions market.

Significant changes in the state of affairs

Other than the developments reported elsewhere in this report, in the opinion of the Directors, there were no other significant changes in the state of affairs of the Company that occurred during the year ended 30 June 2020.

DIVIDENDS

No dividends were declared or paid by the Company during the financial year ended 30 June 2020.

EVENTS SUBSEQUENT TO REPORTING DATE

The following transactions or events have occurred since 30 June 2020:

- On 6 July 2020, the Company announced that it had acquired 100% of LockBox Technologies Pty Ltd, an Australian technology company that has developed a direct to customer secure document creation and consumption tool. In consideration for the share capital of LockBox Technologies the Company has issued 11,968,165 shares with a market value of \$2 million and granted 7,943,135 options to acquire shares on a 1:1 basis. The Company will also seek shareholder approval to grant a further 7,056,865 options as consideration for the acquisition in accordance with the share purchase agreements.
- On 8 July 2020, the Company received commitments in relation to a proposed capital raising of \$1,020,340 by way of an institutional placement subject to shareholder approval. With shareholder approval, 6,105,800 new shares in the Company will be issued at a price of \$0.16711 per share. At the same time, the institutional investors will also be granted 3,052,900 options to subscribe for new shares in the Company. The shares will rank equally with existing ordinary shares on issue. Each option is exercisable at \$0.20 and will expire in three years from the date of grant if not exercised before then.
- The Company will convene an Extraordinary General Meeting on 18 August 2020 seeking shareholder approval to grant the balance of consideration securities to the vendors of Lockbox Technologies and the issue of shares and grant of options under the institutional placement.
- The impact of the Coronavirus (COVID-19) pandemic is ongoing and whilst the Company has not experienced any significant impact up to 30 June 2020, it is not practical to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.
- On 10 August 2020, James Walker resigned as Director and Non-Executive Chairman and Steven Coffey was appointed to the position of Chairman. On the same day Neale Java, the Chief Financial Officer/Chief Operating Officer was appointed as an Executive Director of the Company.
- On 1 July 2020, 925,000 options were granted to employees and a member of Key Management Personnel of the Company.
- Subsequent to the reporting date, 1,706,000 ordinary shares of the Company were issued at \$nil as a result of the exercise of options.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

LIKELY DEVELOPMENTS

The Board and management plans to grow through organic revenue opportunities and the acquisition of technologies and companies which may be significant if value accretive and are consistent with the company's product and growth strategy.

thedocyard believes that companies are looking to increase governance of critical information to help manage risks, ensure compliance, simplify communication and execute effectively on corporate development opportunities. thedocyard team will continue to evaluate global value accretive mergers and acquisition opportunities that achieve this vision.

ENVIRONMENTAL REGULATION

The Company's operations are not regulated by any significant law of the Commonwealth or of a State or Territory relating to the environment.

DIRECTORS' INTERESTS

The relevant interest of each Director in the ordinary shares and performance shares issued by the Company, 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	Options Over Ordinary Shares	Performance Shares
Stuart Clout ⁽¹⁾	34,952,367	-	1,200,000
James Walker ⁽²⁾	1,216,062	-	-
Steven Coffey ⁽³⁾	87,500	-	-
Neale Java ⁽⁴⁾	-	375,000	-

- (1) SJSL Clout Holdings Pty Limited, of which Stuart Clout is a beneficiary, holds the ordinary shares and has been allocated the Performance Shares. Performance Shares are held in escrow and convert on a 1:1 basis to ordinary shares pending the achievement of certain key performance indicators (refer to note 24 Share-based payments in the financial statements for further details)
- (2) 1,059,812 shares held by Burrill Skies Pty Ltd and 156,250 shares held by Kirri Cove Pty Ltd (James Walker is a beneficiary of both companies)
- (3) Held by Fortune 501 Pty Ltd, of which Steven Coffey is a beneficiary
- (4) Appointed as Director on 10 August 2020. Options over shares of 375,000 were granted on 1 July 2020 prior to the appointment as Director.

SHARE OPTIONS

Unissued shares under option

At 30 June 2020, unissued shares of the Company under option are as follows:

Grant date	Exercise price	Number of options
9 March 2020	\$0.00	956,000
12 June 2020	\$0.00	750,000
Total unissued shares under option		1,706,000

The expiry date of options is event based (refer to note 24 Share-based payments in the financial statements for further details).

Shares issued during or since the end of the year as a result of exercise of options

No shares were issued during the year as a result of exercise of options.

On 1 July 2020, 925,000 options were granted to employees and a member of Key Management Personnel of the Company.

Subsequent to the reporting date 1,706,000 ordinary shares of the Company were issued at \$nil as a result of the exercise of options.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is lack of good faith.

During the financial year the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF THE AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

NON-AUDIT SERVICES

During the year HLB Mann Judd, the Company auditor, did not perform any other services in addition to the audit and review of the financial statements.

Details of the amounts paid or payable to the auditor of the Company, HLB Mann Judd for audit and non-audit services provided during the year are set out below.

	30 June 2020
	\$
Services other than audit and review of financial statements	-
Audit and review of financial statements	53,000
Total paid to HLB Mann Judd	53,000

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

The Company was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 32 and forms part of the Directors' report for the year ended 30 June 2020.

AUDITOR

HLB Mann Judd continues in office in accordance with section 327 of the *Corporations Act 2001*.

ROUNDING OF AMOUNTS

In accordance with ASIC *Corporations (Rounding of Financial/Directors' Reports) Instrument 2016/191*, the amounts in this report have been rounded to the nearest dollar.

REMUNERATION REPORT (AUDITED)

The Directors present the Remuneration Report (the Report) for the Company) for the year ended 30 June 2020. This Report forms part of the Directors' Report and has been audited in accordance with Section 300A of the *Corporations Act 2001*. The Report details the remuneration arrangements for the Company's Key Management Personnel (KMP):

- Executive KMP
- Non-executive Directors

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company.

1. PRINCIPLES OF REMUNERATION

The remuneration strategy is aligned with the Company's purpose, vision and shareholders' interests.

The objective of determining remuneration levels is to:

- Set competitive remuneration packages to attract, retain and motivate high quality directors and executives who will generate value for shareholders and ensure they are consistent with the Company's strategic goals and human resources objectives;
- Establish remuneration strategies that are fair and reasonable having regard to the performance of the Company and the relevant director or executive.

The Nomination and Remuneration Committee reviews and make recommendations to the Board on the Company's remuneration policies, procedures and practices. It also defines the individual packages offered to Executive Directors and KMP, for recommendation to the Board. During the current and previous financial years matters of remuneration and nomination were handled at a board level. Formal Nomination and Remuneration Committee meetings will commence in the next financial year.

The Board may consider engaging independent remuneration consultants, to advise the Board on appropriate levels of remuneration relative to its industry peers.

In accordance with Corporate Governance best practice (Recommendation 8.2), the structure of non-executive director and executive remuneration is separate and distinct as follows:

a) Non-executive Directors

Fixed and variable remuneration

The Board seeks to set non-executive Directors' remuneration at a level that provides the Company with the ability to attract and retain Directors of a high calibre whilst incurring a cost that is acceptable to shareholders.

Shareholders approve the maximum aggregate remuneration for non-executive Directors. The Remuneration Committee (or the full board where there is no Remuneration Committee) recommends the actual payments to directors and the Board is responsible for ratifying any recommendations, if appropriate. The maximum aggregate remuneration for non-executive Directors is currently \$300,000. The amount of aggregate remuneration and the manner in which it is apportioned amongst directors is reviewed annually.

The total remuneration of non-executive Directors may consist of the following:

- Fixed cash fees, the level of which reflect the time commitment and responsibilities of the role of a non-executive Director;
- Superannuation contributions in line with the relevant statutory requirements;
- Non-cash benefits in lieu of fees such as equity or salary sacrifice into superannuation; and
- Equity-based remuneration where the Committee and Board deem that the issue of securities will align the interests of the Company's non-executive Directors with those of other security holders. It is recognised that non-executive Directors' remuneration is ideally structured to exclude equity-based remuneration with performance hurdles attached as it may lead to bias in decision making and compromise objectivity.

1. PRINCIPLES OF REMUNERATION (CONTINUED)

Whilst the Company remains small and the full Board, including the non-executive directors, are included in the day-to-day operations of the Company more than what may be the case with larger companies, the non-executive Directors are entitled to participate in equity-based remuneration schemes.

Non-executive Directors of the Company are not entitled to any retirement benefits other than superannuation.

Non-executive Directors' base fees cover all main board activities. Additional fees are paid to Committee members. Committee chairs receive an additional \$5,000 and Committee members an additional \$2,500 per annum.

At 30 June 2020 non-executive Directors annual base fees were as follows:

Year ended	30 June 2020	30 June 2019
	\$	\$
Chairman's Fee	60,000	-
Non-executive Directors	40,000	-

The Board approved the Chairman and non-executive Directors' remuneration to commence from 1 October 2019.

b) Executives and executive Director remuneration

Fixed and variable remuneration

The Company's remuneration policy for executive directors, the Chief Executive Officer and senior management is designed to promote superior performance and long-term commitment to the Company. Executives receive a base remuneration which is market related and may also be entitled to performance-based remuneration at the ultimate discretion of the Board.

Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the interests of the Company and its shareholders to do so.

Executive remuneration and other terms of employment are reviewed annually by the Nomination and Remuneration Committee (or the full board where there is no Nomination and Remuneration Committee) having regard to performance, relevant comparative information and, where necessary, expert advice.

The Company's reward policy reflects the benefits of aligning executive remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Company. The main principles of the policy are:

- Remuneration is reasonable and fair, taking into account the Company's obligations at law, the competitive market in which the Company operates and the relative size and scale of the business;
- Individual reward should be linked to clearly specified performance targets which should be aligned to the Company's short-term and long-term performance objectives; and
- Executives should be rewarded for both financial and non-financial performance.

The total remuneration of executive directors, the Chief Executive Officer and other senior managers may consist of the following:

- Salary - executive directors, the Chief Executive Officer and senior managers may receive a fixed sum payable monthly in cash;
- Bonus - executive directors, the Chief Executive Officer and nominated senior managers are eligible to participate in a profit participation plan if deemed appropriate;
- Long term incentives - executive directors, the Chief Executive Officer and nominated senior managers may participate in share option schemes with the prior approval of shareholders. Executives may also participate in employee share option schemes, with any option issues generally being made in accordance with thresholds set in plans approved by shareholders. The Board however considers it appropriate to retain the flexibility to issue options to executives outside of approved employee option plans in exceptional circumstances; and
- Other benefits - executive directors, the Chief Executive Officer and senior managers are eligible to participate in superannuation schemes.

2. DETAILS OF REMUNERATION

Details of the remuneration of the Key Management Personnel (KMP) as defined in AASB 124 *Related Party Disclosures* are set out in Table 1 which follows.

The KMP of the Company have authority and responsibility for planning, directing and controlling the activities of the Company. The KMP make or participate in making decisions that affect the whole, or a substantial part, of the business or who have the capacity to affect significantly the Company's financial standing.

The KMP of the Company are the executive and non-executive Directors and the Chief Financial Officer/Chief Operating Officer.

Details of the nature and amount of each major element of remuneration of each Director of the Company, and other KMP of the Company are:

TABLE 1

	Short-term benefits	Post- employment	Other short-term benefits	Share-based payments	Total	% Performance based
	Salary and fees	Superannuation	(A)	Performance shares (B)		
<i>Year ended 30 June 2020</i>	\$	\$	\$	\$	\$	
Executive Directors						
Stuart Clout	156,250	14,844	19,615	44,499	235,208	19%
Non-Executive Directors						
James Walker ⁽¹⁾	50,000	4,750	-	-	54,750	0%
Steven Coffey ⁽¹⁾	40,000	3,800	-	-	43,800	0%
Other KMP						
Neale Java ⁽²⁾	123,075	11,692	11,068	-	145,835	0%
Total	369,325	35,086	30,683	44,499	479,593	

(A) In accordance with AASB 119 *Employee Benefits*, annual leave is classified as other short-term employee benefits

(B) Amounts disclosed reflect the accounting expense for Performance Shares valued in accordance with AASB 2 *Share-based payment* (refer to note 24 Share-based payments)

(1) Appointed 13 August 2019. Short-term benefits include Committee member fees

(2) Appointed 10 October 2019

	Short-term benefits	Post- employment	Other short-term benefits	Share-based payments	Total	% Performance based
	Salary and fees	Superannuation	(A)	Performance shares (B)		
<i>Year ended 30 June 2019</i>	\$	\$	\$	\$	\$	
Executive Directors						
Stuart Clout	100,000	9,500	8,496	-	117,996	0%
Total	100,000	9,500	8,496		117,996	

3. SERVICE AGREEMENTS

The following is a summary of the current major provisions of the agreement relating to remuneration of the Executive Director.

Stuart Clout – Chief Executive Officer

Stuart Clout is the Executive Director and Chief Executive Officer of the Company and has led the Company since its inception.

Employment Conditions

Commencement date: 29 October 2014

Remuneration: Base remuneration of \$150,000 per annum plus superannuation prior to the Company listing on the ASX. Following listing, base remuneration of \$200,000 per annum plus superannuation. Short term incentives: 45% of base remuneration subject to meeting KPIs as determined by the Board including revenue, customer acquisition numbers and average value of customers. Long term incentives: 60% of base remuneration as equity subject to meeting KPIs as determined by the Board including share price and revenue.

Term: Ongoing until notice is given by either party

Review: Annually

Notice period required on termination: 3 months by either party

Termination benefits: None

The following is a summary of the current major provisions of the agreement relating to remuneration of executive KMP:

Neale Java – Chief Financial Officer/Chief Operating Officer

As the Chief Financial Officer/Chief Operating Officer, Neale focuses on the execution of the Company's vision, growth and enablement efforts, whilst also overseeing the finance function.

Employment Conditions

Commencement date: 10 October 2019

Remuneration: Base remuneration of \$180,000 per annum plus superannuation. Short term incentives: 35% of base remuneration subject to meeting KPIs as determined by the Board including revenue, customer acquisition numbers and average value of customers. Long term incentives: 50% of base remuneration as equity subject to meeting KPIs as determined by the Board including share price and revenue.

Term: Ongoing until notice is given by either party

Notice period required on termination: 3 months by either party

Termination benefits: None

4. EQUITY INSTRUMENTS

All share options refer to options over ordinary shares of thedocyard Limited, which are exercisable on a one-for-one basis under the Employee Option Plan (EOP). Performance Shares relate to redeemable performance shares issued by thedocyard Limited which convert on a one-for-one basis to ordinary shares subject to the Company meeting certain key performance indicators.

a) Analysis of movements in equity instruments

No options were granted as equity compensation benefits to key management personnel during the years ended 30 June 2020 and 30 June 2019, apart from the issue of 1,200,000 Performance Shares to Stuart Clout (refer to note 24 Share-based payments in the financial statements for further details).

5. KMP TRANSACTIONS

a) Loans to KMP and their related parties

There were no loans to KMP or their related parties during the current or previous financial years.

b) Other transactions with KMP

James Walker is a director and shareholder of Burrill Skies Pty Ltd which provided consulting services to the Company during the financial year. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amounts paid were as follows:

	30 June 2020
	\$
Consulting services provided by directors recognised as an expense during the year	
Payments to Burrill Skies Pty Ltd for successful project management of the IPO	59,134
Ordinary shares of 1,059,812 issued to Burrill Skies Pty Ltd in lieu of fees pursuant to its consultancy agreement	211,962
	271,096

c) Movements in shares

The movement during the reporting period in the number of ordinary shares in thedocyard Limited held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

	Held at 1 July 2019 ⁽¹⁾	Acquired	Disposed	Held at 30 June 2020
Stuart Clout	34,952,367	-	-	34,952,367
James Walker	-	1,216,062 ⁽²⁾	-	1,216,062
Steven Coffey	-	87,500	-	87,500
Neale Java	-	-	-	-

(1) Restated to adjust for share split completed on 19 September 2019

(2) Includes 1,059,812 shares issued to Burrill Skies Pty Ltd in lieu of fees pursuant to its consultancy agreement

The movement during the reporting period in the number of performance shares in thedocyard Limited held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

	Held at 1 July 2019	Acquired	Disposed	Held at 30 June 2020
Stuart Clout	-	1,200,000 ⁽¹⁾	-	1,200,000

(1) Performance shares are held in escrow and convert on a 1:1 basis to ordinary shares pending the achievement of certain key performance indicators (refer to note 24 Share-based payments in the financial statements for further details)

This Directors' Report is signed in accordance with a resolution of the Board of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to be 'S. Coffey', with a long horizontal stroke extending to the right.

Steven Coffey
Chairman

Sydney

14 August 2020

AUDITOR'S INDEPENDENCE DECLARATION





Auditor's Independence Declaration

To the directors of thedocyard Limited:

As lead auditor for the audit of the financial report of thedocyard Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Sydney, NSW
14 August 2020

A handwritten signature in black ink, appearing to read 'A G Smith'.

A G Smith
Director

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME



Statement of Profit or Loss and Other Comprehensive Income

		30 June 2020	30 June 2019
	Note	\$	\$
Subscription revenue and related services		670,610	553,431
Cost of sales	4	(245,387)	(147,450)
Gross profit		425,223	405,981
Operating expenses			
Product, design and development		(1,268,526)	(647,097)
Sales and marketing		(414,865)	(287,304)
General and administration		(1,190,755)	(298,114)
Total operating expenses	4	(2,874,146)	(1,232,515)
Operating loss before capital raising costs, other finance costs and other income		(2,448,923)	(826,534)
Capital raising costs	5	(1,504,717)	-
Other finance costs	5	(226,031)	(7,083)
Other income	6	50,000	88,354
Loss before income tax		(4,129,671)	(745,263)
Income tax expense	7	-	-
Loss for the year		(4,129,671)	(745,263)
Other comprehensive income		-	-
Total comprehensive loss		(4,129,671)	(745,263)
Basic loss per share (cents)	8	(3.61)	(0.76)
Diluted loss per share (cents)	8	(3.61)	(0.76)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying note.

STATEMENT OF FINANCIAL POSITION



Statement of Financial Position

		30 June 2020	30 June 2019
	Note	\$	\$
Current Assets			
Cash and cash equivalents	9	2,711,238	261,631
Trade and other receivables	10	63,605	190,593
Other current assets	11	72,342	33,099
Total Current Assets		2,847,185	485,323
Non-Current Assets			
Right-of-use leased asset	14	7,136	49,500
Total Non-Current Assets		7,136	49,500
Total Assets		2,854,321	534,823
Current Liabilities			
Trade and other payables	12	184,506	147,995
Employee entitlements		88,172	37,081
Contract liabilities	13	77,376	36,523
Lease liability	14	8,927	49,500
External loans	15	-	254,042
Convertible notes – debt host component	16	-	108,468
Convertible notes - embedded derivative component	16	-	44,573
Total Current Liabilities		358,981	678,182
Contract liabilities	13	17,500	-
Total Non-Current Liabilities		17,500	-
Total Liabilities		376,481	678,182
Net Assets / (Liabilities)		2,477,840	(143,359)
Equity			
Share capital	17	8,427,979	2,003,658
Share-based payments reserve	24	326,549	-
Retained losses		(6,276,688)	(2,147,017)
Total Equity / (Deficiency)		2,477,840	(143,359)

The above Statement of Financial Position should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY



Statement of Changes in Equity

	Share capital	Share-based payments reserve	Retained losses	Total
	\$	\$	\$	\$
Balance at 1 July 2018	1,878,658	-	(1,401,754)	476,904
Total comprehensive loss	-	-	(745,263)	(745,263)

Transactions with owners in their capacity as owners

Issue of ordinary share capital	125,000	-	-	125,000
Balance at 30 June 2019	2,003,658	-	(2,147,017)	(143,359)

Balance at 1 July 2019	2,003,658	-	(2,147,017)	(143,359)
Total comprehensive loss		-	(4,129,671)	(4,129,671)

Transactions with owners in their capacity as owners

Issue of ordinary share capital for cash	17	5,348,850	-	-	5,348,850
Issue of ordinary share capital to advisors and related parties	17	847,850	-	-	847,850
Conversion of convertible notes	17	352,451	-	-	352,451
Cost of share issuance	17	(124,830)	-	-	(124,830)
Equity settled share-based payments	24	-	326,549	-	326,549
Balance at 30 June 2020		8,427,979	326,549	(6,276,688)	2,477,840

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOWS



Statement of Cash Flows

		30 June 2020	30 June 2019
	Note	\$	\$
Cash Flows from Operating Activities			
Receipts from customers		845,877	529,197
Receipts from government grants and incentives		138,354	108,983
Payments to suppliers and employees		(2,726,457)	(1,345,972)
Net cash used in operating activities	18	(1,742,226)	(707,792)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		-	-
Net cash used in investing activities		-	-
Cash Flows from Financing Activities			
Proceeds of share applications received	17	5,348,850	125,000
Transaction costs relating to capital raising and IPO		(831,962)	-
Proceeds of loan received		-	250,000
Repayment of loans including interest	15	(273,987)	-
Lease payments and interest		(51,068)	-
Proceeds from convertible notes received	16	-	150,000
Net cash provided by financing activities		4,191,833	525,000
Net increase (decrease) in cash held		2,449,607	(182,792)
Cash at the beginning of the financial year		261,631	444,423
Cash at the end of the financial year		2,711,238	261,631

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS



Notes to the Financial Statements

1. REPORTING ENTITY AND GENERAL INFORMATION

thedocyard Limited ('the Company') is a Company incorporated and domiciled in Australia and whose shares are publicly traded on the Australian Securities Exchange (ASX:TDY).

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

The Company's registered office and principal place of business are:

Registered Office	Principal Place of Business
Suite 4201, Level 42	Level 17
Australia Square	175 Pitt Street
Sydney	Sydney
NSW 2000	NSW 2000

A description of the nature of the Company's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 14 August 2020. The directors have the power to amend and reissue the financial statements.

2. BASIS OF ACCOUNTING

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit orientated entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Details of the Company's accounting policies are included in Note 2 (f).

(b) New or Amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Australian Accounting Standards and Interpretations issued by the 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.

(c) Historical Cost Convention

The financial statements have been prepared in accordance with the historical cost convention, except for where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss and derivative financial instruments.

The financial report is presented in Australian dollars and all values are to the nearest dollar. When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Any such changes have had no effect on the financial position or performance of the Company.

(d) Critical Accounting Estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2 (g).

(e) Going concern

The Company incurred a loss for the year ended 30 June 2020 of \$4,129,671 and had cash outflows from operations for that period of \$1,742,226. The statement of financial position as at 30 June 2020 shows net assets of \$2,477,840 and a cash balance of \$2,711,238.

The financial report has been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business and assumes the Company will have sufficient cash resources to pay its debts as and when they become due and payable for at least 12 months from the date of signing the financial report.

The Directors believe that there are reasonable grounds that the Company will be able to continue as a going concern:

- The current cash position of the Company is \$2,711,238 and the company remains debt free.
- On 8 July 2020, the Company received commitments in relation to a proposed capital raising of \$1,020,340 by way of an institutional placement subject to shareholder approval. It is anticipated that funds from the Institutional Placement will allow thedocyard to more quickly expand its product offering and pipeline of new products to many of the same clients and prospects as it builds its sales force and marketing momentum in these regions.

Accordingly, the Directors have prepared the financial report on a going concern basis.

However, the Company's ability to continue as a going concern is dependent on generating sufficient revenues in accordance with its forecasts and/or raising further funding via equity, thus resulting in a material uncertainty that may cast doubt on the Company's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

(f) Accounting Policies**Revenue recognition**

The Company generates revenue primarily from customer subscriptions for use of the Company's deal management platform.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered. Subscription revenue for use of the Company's platform is recognised over the period of access.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants

Government grants, including research and development tax incentives, are recognised as income when received or when the Company complies with any conditions attaching to them (either before or after year end).

Income tax

With the Company in a tax loss situation no income tax has been brought to account. Once profitable the income tax expense will comprise current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable tax rates enacted, or substantively enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that no adverse change will occur in income taxation legislation, that the Company will derive sufficient future assessable income to enable the benefit to be realised and that the Company will continue to comply with the conditions of deductibility imposed by the law.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian 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 component of investing and financing activities, which are disclosed as operating cash flows.

Foreign currency transactions and balances*Functional and presentation currency*

The functional currency of the Company is the currency of the primary economic environment in which it operates. The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Nonmonetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in profit or loss.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when; it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, and deposits held at call with banks.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowances for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

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

Convertible Notes

Convertible notes issued by the Company can be converted into a variable number of ordinary shares in the Company if certain conditions are met or are otherwise repayable to the convertible note holder in cash. Convertible notes issued by the company have two elements, a debt host liability component and an embedded derivative component.

On initial recognition, the proceeds received are first allocated to the embedded derivative, at an amount equal to the fair value of embedded derivative at date of issue, with the residual proceeds assigned to the debt host liability. Transaction costs are allocated to the debt host liability and embedded derivative in proportion to their initial carrying amounts. No gain or loss is recognised on initial recognition.

The debt host liability is subsequently measured at amortised cost. Any difference between the debt host liability on initial recognition and the redemption value is recognised using the effective interest method as a finance cost in the statement of profit or loss and other comprehensive income.

The embedded derivative is subsequently measured a fair value through profit or loss. The fair value of the embedded derivative is determined at each reporting period using the Black Scholes model and changes in fair value are recognised as a finance cost in the statement of profit or loss and other comprehensive income.

Leases liabilities

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed on a straight-line basis to profit or loss over the lease term.

Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position.

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee Benefits

Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, including related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees in exchange for the rendering of services.

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

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Contract Liabilities

Contract liabilities are recognised when a customer pays for subscription fees in advance of the service being provided.

Borrowings

Borrowings are initially recognised at the fair value of the consideration received, net of transactions costs. They are subsequently measured at amortised costs using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the 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 financial year.

Diluted earnings per share

Diluted earnings 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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Comparative Figures

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

(g) Critical accounting judgements, estimates and assumptions

In applying the Company's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Company.

All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to the Company. The resulting accounting judgements and estimates will seldom equal the related actual results.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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 Company based on known information. This consideration extends to the nature of the products and services offered, customers, staffing and geographic regions in which the Company 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 Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 24 for further information.

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. 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 10, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

3. OPERATING SEGMENTS

An operating segment is a component of the Company

- that engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses relating to transactions with the Company's other components), and
- whose operating results are reviewed regularly by the Company's chief operating decision maker for the purpose of making decisions about allocating resources to the segment and assessing its performance.

The Company has one reportable segment, which develops and sells platform deal technology to the legal and financial services sectors, and one geographical segment, being Australia. As the Company continues to grow, it will re-evaluate the information provided to the chief operating decision maker which may change the Company's operating segments going forward.

4. COST OF SALES AND OPERATING EXPENSES

The presentation of the Statement of Profit or Loss by function requires certain employee and overhead costs to be allocated to functions.

Cost of sales consist of expenses directly associated with securely hosting thedocyard's platform and providing support to customers.

Operating expenses consist of indirect expenses allocated across product, design and development, sales and marketing and general and administration.

Loss before income tax includes the following specific expenses:

		30 Jun 2020	30 Jun 2019
		\$	\$
Employee expenses and entitlements		1,274,175	425,465
Share based-payment expense – operating expenses	24	326,549	-
Share based-payment expense – capital raising costs	24	847,850	-
Depreciation		42,364	-

5. FINANCE COSTS

Capital raising costs

On 14 February 2020, the Company raised \$4,151,850 via a successful Initial Public Offering (IPO) and listed on the Australian Securities Exchange. Costs incurred in relation to the IPO and recognised through the Statement of Profit or Loss were \$1,504,717 and included \$847,850 relating to shares issued to advisors and consultants on successful listing (note 17 and note 24).

Other finance costs

Other finance costs include the following expenses:

		30 Jun 2020	30 Jun 2019
		\$	\$
Fair value movement in embedded derivative	16	162,107	-
Interest on convertible note debt host liability	16	23,987	3,041
Interest accrued on convertible notes		13,315	-
Interest on external loan funding		19,945	4,042
Interest on lease liability		6,677	-
Total other finance costs		226,031	7,083

6. OTHER INCOME

		30 Jun 2020	30 Jun 2019
		\$	\$
COVID-19 related grants and credits		50,000	-
Research and development tax incentive		-	88,354
Total other income		50,000	88,354

Coronavirus (COVID-19) related grants are temporary subsidies for businesses affected by COVID-19 and consist of the Cash Flow Boost payment schemes.

Under the Cash Flow Boost payment scheme, eligible businesses who employ staff will receive a cash flow boost in the form of a credit when lodging their activity statement. This is to cover the tax withheld from salaries paid to employees for the period covered by the activity statement. The activity statement must be lodged to receive the cash flow boost. The Company recognises the Cash Flow Boost in profit or loss when the activity statement is lodged.

7. INCOME TAX EXPENSE

Reconciliation of income tax expense to prima facie tax payable

	30 Jun 2020	30 Jun 2019
	\$	\$
Loss before income tax	(4,129,671)	(745,263)
Income tax benefit at the Australian tax rate of 27.5%	1,135,660	204,947
Add/(less) non-assessable income/non-deductible expenses:		
Tax exempt income	13,750	-
Non-deductible expenses		
Capital raising costs	(331,038)	-
Research and development	-	(63,054)
Assets expensed for accounting purposes	(141,146)	(129,236)
Share-based payment expense	(89,801)	-
Other expenses	(46,328)	-
Deferred tax asset not brought to account at the reporting date as realisation of the benefit is not probable	(541,097)	(12,657)
Income tax expense	-	-

As at 30 June 2020 the Company has unrecognised losses of \$2,798,539 which at a tax rate of 27.5% equates to \$769,598 (30 June 2019: \$830,918; equates to \$228,502) that will be available for offset against future taxable profits, subject to the satisfaction of utilisation rules.

No deferred tax assets have been recognised as at 30 June 2020 or 30 June 2019 because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

8. LOSS PER SHARE

The calculation of basic and diluted loss per share has been based on the following loss attributable to members and weighted average number of ordinary shares outstanding:

	30 Jun 2020	30 Jun 2019
	\$	\$
Loss from ordinary activities after tax attributable to members	(4,129,671)	(745,263)
Weighted average number of ordinary shares	Number	Number
Issued ordinary shares at 1 July*	98,500,000	97,705,976
Effect of shares issued during the year*	15,907,824	395,924
Weighted average number of ordinary shares at 30 June	114,407,824	98,101,900
Basic loss per share (cents)	(3.61)	(0.76)
Diluted loss per share (cents)	(3.61)	(0.76)

*Adjusted for share split completed 19 September 2019

Options and performance shares have not been included in the calculation of diluted earnings per share as these are considered anti-dilutive as at 30 June 2020 and 30 June 2019.

9. CASH AND CASH EQUIVALENTS

	30 Jun 2020	30 Jun 2019
	\$	\$
Cash at bank and in hand	2,711,238	261,631
	2,711,238	261,631

10. TRADE AND OTHER RECEIVABLES

	30 Jun 2020	30 Jun 2019
	\$	\$
Trade receivables	76,264	131,226
Less: Provision for expected credit loss	(12,659)	(28,987)
Research and development tax incentive	-	88,354
Trade and other receivables	63,605	190,593

Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which the Company has not recognised an allowance for doubtful debts because the Directors consider that these amounts are still recoverable.

11. OTHER CURRENT ASSETS

	30 Jun 2020	30 Jun 2019
	\$	\$
Prepayments	60,262	24,099
Rent deposit	12,080	9,000
Other current assets	72,342	33,099

12. TRADE AND OTHER PAYABLES

	30 Jun 2020	30 Jun 2019
	\$	\$
Trade payables	45,556	85,618
Other payables and accruals	138,950	62,377
Trade and other payables	184,506	147,995

13. CONTRACT LIABILITIES

	30 Jun 2020	30 Jun 2019
	\$	\$
Contract Liabilities – current	77,376	36,523
Contract Liabilities – non-current	17,500	-
	94,876	36,523

Contract liabilities represent subscriptions received in advance of the provision of services and are recognised in profit and loss over the period of access.

14. LEASES

	30 Jun 2020	30 Jun 2019
	\$	\$
Right-of-use leased asset	7,136	49,500
Lease liability	8,927	49,500

During June 2019 the Company entered into a 13 month lease for office premises. In February 2020, the lease was extended by 2 months to end 1 September 2020. On 29 June 2020 the Company provided notice to the lessor to terminate the lease at the end of the lease term on 1 September 2020.

15. EXTERNAL LOANS

	30 Jun 2020	30 Jun 2019
	\$	\$
Loan funds received	-	254,042
	-	254,042

The loan was interest free from the date of the loan until 14 May 2019, and from that date bore interest at 12% per annum.

Following the IPO and in accordance with the loan agreement, on 25 February 2020 the Company repaid an amount of \$273,987 to the lender representing the loan principal and accrued interest.

16. CONVERTIBLE NOTES

	30 Jun 2020	30 Jun 2019
	\$	\$
Convertible notes – debt host component	-	108,468
Convertible notes – embedded derivative component	-	44,573
	-	153,041

In May 2019, the Company issued 150,000 \$1 convertible notes. The convertible notes bore interest at 20%.

The convertible note terms included the following conversion features:

- Conversion upon listing approval from the Australian Securities Exchange;
- Converted at the lower of:
 - (i) 50% of the fully-diluted pre-money IPO listing, or
 - (ii) A fully diluted pre-money valuation of the Company of \$10m.

On 7 February 2020, a total of 1,762,255 ordinary shares were allotted and issued following the conversion of the convertible notes.

Management carried out an assessment of the terms of the convertible notes and judged that it consisted of two components:

- A host loan component, measured at amortised cost; and
- An embedded derivative representing the features which may convert the convertible notes into ordinary shares in the Company.

The embedded derivative was classified as subject to recurring fair value measurement within the Level 3 (unobservable inputs for the asset or liability) of the fair value hierarchy. The fair value movement of the embedded derivative of \$162,107 during the period to conversion has been recorded in profit or loss.

The host loan component was initially valued at the residual value of the net proceeds of the convertible notes less the fair value of the embedded conversion derivative. Interest of \$23,987 has been recorded in the Statement of Profit or Loss.

The Company performed its own estimate of the fair value of the embedded derivative at issue date and as at 30 June 2019 recognised separately from the host loan component using the Black-Scholes methodology. The main inputs to the valuation were as follows:

	As at issue date May 19	As at 30 June 19
Current share price	\$0.13	\$0.13
Estimated exercise price	\$0.10	\$0.10
Volatility	100%	100%
Risk free rate	1.5%	1.3%
Dividend yield	-	-
Probability of notes converting into share	50%	50%

17. ISSUED CAPITAL

	30 Jun 2020	30 Jun 2019
	\$	\$
Fully paid ordinary shares	8,427,979	2,003,658
	8,427,979	2,003,658

Movements in issued and paid up capital

<u>(a) Ordinary Shares fully paid</u>	No.	\$
Balance as at 1 July 2019	341,266	2,003,658
Shares issued share split (i)	98,158,734	-
Shares issued for cash (ii) (vi)	28,240,500	5,348,850
Shares issued to advisors and related parties (iv) (v)	4,239,250	847,850
Conversion of convertible notes (iii)	1,762,255	352,451
Costs of share issuance	-	(124,830)
Balance as at 30 June 2020	132,742,005	8,427,979

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

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Dividends

No dividends were declared or paid by the Company for the current or previous year.

Issue of ordinary shares

- (i) On 19 September 2019 the company completed a share split that changed the number of ordinary shares issued from 341,266 to 98,500,000
- (ii) On 26 September 2019 the Company issued 7,481,250 ordinary shares to raise cash of \$1,197,000.
- (iii) On 7 February 2020 a total of 1,762,255 ordinary shares were allotted and issued following the conversion of the convertible notes.
- (iv) On 7 February 2020, 1,059,812 ordinary shares were allotted and issued to Burrill Skies Pty Ltd in lieu of fees pursuant to its consultancy agreement.
- (v) On 7 February 2020, 3,179,438 ordinary shares were allotted and issued to nominees of Barclay Pearce Capital Pty Ltd in lieu of fees under the lead manager mandate.
- (vi) On 14 February 2020, 20,759,250 ordinary shares were issued at a price of \$0.20 to raise \$4,151,850 via an Initial Public Offering (IPO) on the Australian Securities Exchange (ASX).

<u>(b) Performance Shares</u>	No.	\$
Balance as at 1 July 2019	-	-
Movements during the year ⁽¹⁾	1,200,000	-
Balance as at 30 June 2020	1,200,000	-

(1) Refer to note 24 Share-based payments for details of Performance Shares

18. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	30 Jun 20	30 Jun 19
	\$	\$
Loss for the year	(4,129,671)	(745,263)

Non-cash Items

Depreciation	42,364	-
Equity settled share-based payments	326,549	-
Other non-cash generating expenses	9,692	-

Non-operating items

Fair value movement in embedded derivative	162,107	-
Interest on convertible notes debt host liability	23,987	-
Interest accrued on convertible notes	13,316	3,041
Interest on external loan funding	19,945	4,042
Issue of shares to advisors and consultants	847,850	-
Capital raising costs	656,866	-
Lease payments and interest	51,068	-

Changes in assets and liabilities

(Increase)/decrease in trade and other receivables	87,745	(9,220)
Increase /(decrease) in trade and other payables and accruals	87,603	71,426
Increase/(decrease) in other liabilities	58,353	(31,818)

Net cash flows from operating activities	(1,742,226)	(707,792)
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19. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern and to maintain a strong capital base so as to retain investor, creditor and market confidence and to sustain future development of the business. Management continually monitors the return on capital.

20. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks; market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Audit and Risk Committee, which is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities.

(i) Market risk

Foreign currency risk

The Company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange fluctuations. The Company's exposure to foreign currency risk is not considered to be material at the reporting date.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

(iii) Liquidity risk

Liquidity risk management requires the Company to maintain sufficient liquid assets (mainly cash and cash equivalents) and to be able to pay debts as and when they become due and payable.

The Company manages liquidity risk by maintaining adequate cash reserves and by continually monitoring actual and forecast cash flows and monitoring the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. The Company is debt free and is confident in its ability to source additional funding including via an external capital raise.

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross, undiscounted and include contractual interest payments where applicable.

Contractual cash flows				
At 30 June 2020 (\$)	Carrying amount	Total	2 months or less	2-12 months
Loans and borrowings	-	-	-	-
Lease liabilities	8,927	8,927	-	8,927
Trade and other payables	184,506	184,506	184,506	-
	193,433	193,433	184,506	8,927

Contractual cash flows				
At 30 June 2019 (\$)	Carrying amount	Total	2 months or less	2-12 months
Loans and borrowings	254,042	254,042	-	254,042
Lease liabilities	49,500	49,500	-	49,500
Trade and other payables	147,995	147,995	147,995	-
Convertible Notes	153,041	153,041	-	153,041
	604,578	604,578	147,995	456,583

21. COMMITMENTS

	30 Jun 2020	30 Jun 2019
	\$	\$
Lease commitments – operating		
Within one year	3,080	-
	3,080	-

During February 2020, the Company entered into an additional lease for office premises with an end date of 1 September 2020. In accordance with the Company's accounting policy for leases (refer to note 2 f), short-term lease payments have been recognised in operating expenses in the Statement of Profit or Loss.

22. AUDITOR'S REMUNERATION

	30 Jun 2020	30 Jun 2019
	\$	\$
Audit and review services – HLB Mann Judd		
Audit and review of the financial statements	53,000	39,000
	53,000	39,000

23. RELATED PARTY TRANSACTIONS

(i) Key management personnel compensation

Key management personnel (KMP) compensation comprised the following:

	30 June 2020	30 June 2019
Compensation by category	\$	\$
Short-term employment benefits	369,325	100,000
Post-employment benefits	35,086	9,500
Other short-term employment benefits	30,683	8,496
Share-based payments	44,499	-
	479,593	117,996

Compensation of the Company's KMP includes salaries, non-cash benefits and mandatory contributions to post-employment superannuation funds.

(ii) Key management personnel transactions

Certain KMP, or their related parties, hold positions in other entities that result in them having control, or joint control, over the financial or operating policies of that entity.

James Walker is a director and shareholder of Burrill Skies Pty Ltd which provided consulting services to the Company during the financial year. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amounts paid were as follows:

	30 Jun 2020	30 Jun 2019
Consulting services provided by Directors recognised as an expense during the year	\$	\$
Payments to Burrill Skies Pty Ltd for successful project management of the IPO	59,134	-
An amount of 1,059,812 ordinary shares issued to Burrill Skies Pty Ltd in lieu of fees pursuant to its consultancy agreement	211,962	-
	271,096	-

24. SHARE-BASED PAYMENTS

For the year ended 30 June 2020, the Group recognised a share-based payment expense of \$1,174,399 (30 June 2019: \$nil) consisting of \$326,549 charged to operating expenses and \$847,850 charged to capital raising costs in the Statement of Profit or Loss under the following share-based payment arrangements:

		30 Jun 2020	30 Jun 2019
Share-based payment expense		\$	\$
Shares issued in lieu of fees	24(a)	847,850	-
Options issued	24(b)	282,050	-
Performance shares issued	24(c)	44,499	-
		1,174,399	-

(a) Shares issued

During the financial year the following shares were issued for corporate advisory and consulting services in relation to the IPO and \$847,850 was charged to capital raising costs in the Statement of Profit or Loss.

	Value per share	Number	Value
	\$		\$
Consultancy services provided by Burrill Skies for successful listing on the ASX	0.20	1,059,812	211,962
Advisory services provided by Barclay Pearce Capital Pty Ltd under the IPO lead manager mandate	0.20	3,179,438	635,888
		4,239,250	847,850

(b) Options issued

On 17 October 2019, the Company established the Employee Option Plan (EOP). This is a long-term plan under which share options to subscribe for shares may be offered to eligible employees and advisors as selected by the Directors at their discretion.

Under the EOP, one share option entitles the holder to one ordinary share in the Company subject to vesting conditions such as the satisfaction of performance hurdles and/or continued employment. The Board have the discretion to settle share options with a cash equivalent payment. Participants in the EOP will not pay any consideration for the grant of the share option unless determined otherwise. Share options will not be listed and may not be transferred, assigned or otherwise dealt with unless approved by the Board. If the employee's employment terminates before the share options have vested, the share option will lapse, unless approved otherwise by the Board. Eligible employees holding a share option pursuant to the EOP have no rights to dividends and are not entitled to vote at shareholder meetings until that share option is vested and, where required, exercised.

The number of share options issued under the share-based payment arrangements noted above were as follows (30 June 2019: nil):

Grant date	Number of instruments	Exercise price	Vesting conditions	Contractual life of options
9 March 2020	956,000	\$nil	(1)	(3)
12 June 2020	750,000	\$nil	All vest 1 July 20 (2)	(3)
Share options on issue as at 30 June 20	1,706,000			

(1) 398,500 options vest immediately on grant date with the remaining 557,500 options accelerated vesting (refer to (2) below)

(2) Vesting conditions accelerated on cessation of employment which occurred prior to the financial year end. Accordingly, a share-based payment expense has been recognised in full during the year ended 30 June 20.

(3) The expiry date of the options is event based including in certain circumstances on an exit event or on cessation of employment.

The fair value of shares options granted have been measured using the Black-Scholes model. A share-based payment expense of \$282,050 in relation to the share options has been recognised in the Statement of Profit or Loss for the year ended 30 June 2020.

The following inputs were used in the measurement of the fair values at grant date of the share options granted during the year:

	Share Options Issued 9 March 2020	Share Options Issued 12 June 2020
Share price at grant date	\$0.15	\$0.17
Exercise price	\$0.00	\$0.00
Probability of conversion to ordinary shares	100%	100%
Expected life (years)	<1	<1

(c) Performance shares issued

As detailed in the Prospectus issued by the Company prior to its listing on the Australian Securities Exchange, the Company may issue up to 2 million Performance Shares to such members of the senior management team as determined by the Board of Directors from time to time.

The Performance Shares have no right to vote except as required by law in which event they shall have one vote on a show of hands and one vote for each Performance Share held on a poll. They are non-transferrable and have no right to dividends.

Provided the holder remains employed by the Company at the relevant date, Performance Shares convert over a 3 year period on a one for one basis to ordinary shares upon certain key performance indicators being met.

On 7 February 2020 the Company issued 1,200,000 Performance Shares to the Chief Executive Officer, Stuart Clout. The Performance Shares convert on a 1:1 basis to ordinary shares over a 3 year period pending the achievement of revenue targets. All Performance Shares which have not converted after the release of the audited financial results for the calendar year ended 31 December 2022 will be cancelled at the next annual general meeting.

Performance share entitlements are as follows:

- Tranche 1 of up to 500,000 Performance Shares will vest upon the achievement of at least \$2.0 million annual revenue for the calendar year ended 31 December 2020
- Tranche 2 of up to 750,000 Performance Shares will vest upon the achievement of annual revenue of at least \$3.5 million for the calendar year ended 31 December 2021
- Tranche 3 of up to 750,000 Performance Shares will vest upon the achievement of annual revenue of at least \$5.0 million for the calendar year ended 31 December 2022
- All three tranches will vest if the cumulative revenue achieved over the three calendar years is at least \$10.5 million.

The fair value of performance shares granted have been measured using the Black-Scholes model. A share-based payment expense of \$44,499 in relation to the Performance Shares has been recognised in the Statement of Profit or Loss for the year ended 30 June 2020.

The following inputs were used in the measurement of the fair values at grant date of the performance shares granted during the year:

	Performance Shares
Share price at grant date	\$0.20
Exercise price	\$0.00
Probability of conversion to ordinary shares	80%
Expected life (years)	>1

25. SUBSEQUENT EVENTS

The following transactions or events have occurred since 30 June 2020:

- On 6 July 2020, the Company announced that it had acquired 100% of LockBox Technologies Pty Ltd, an Australian technology company that has developed a direct to customer secure document creation and consumption tool. In consideration for the share capital of LockBox Technologies the Company has issued 11,968,165 shares with a market value of \$2 million and granted 7,943,135 options to acquire shares on a 1:1 basis. The Company will also seek shareholder approval to grant a further 7,056,865 options as consideration for the acquisition in accordance with the share purchase agreements.
- On 8 July 2020, the Company received commitments in relation to a proposed capital raising of \$1,020,340 by way of an institutional placement subject to shareholder approval. With shareholder approval, 6,105,800 new shares in the Company will be issued at a price of \$0.16711 per share. At the same time, the institutional investors will also be granted 3,052,900 options to subscribe for new shares in the Company. The shares will rank equally with existing ordinary shares on issue. Each option is exercisable at \$0.20 and will expire in three years from the date of grant if not exercised before then.
- The Company will convene an Extraordinary General Meeting on 18 August 2020 seeking shareholder approval to grant of the balance of consideration securities to the vendors of Lockbox Technologies and the issue of shares and grant of options under the institutional placement.
- The impact of the Coronavirus (COVID-19) pandemic is ongoing and whilst the Company has not experienced any significant impact up to 30 June 2020, it is not practical to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.
- On 10 August 2020, James Walker resigned as Director and Non-Executive Chairman and Steven Coffey was appointed to the position of Chairman. On the same day Neale Java, the Chief Financial Officer/Chief Operating Officer was appointed as an Executive Director of the Company.
- On 1 July 2020, 925,000 options were granted to employees and a member of Key Management Personnel of the Company.
- Subsequent to the reporting date, 1,706,000 ordinary shares of the Company were issued at \$nil as a result of the exercise of options.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

DIRECTORS' DECLARATION



Directors' Declaration

1. In the opinion of the Directors of thedocyard Limited ('the Company'):

- (a) the financial statements and notes that are set out on pages 34 to 61 are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors draw attention to Note 2(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

3. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2020.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.



Steven Coffey
Chairman

Sydney

14 August 2020

INDEPENDENT AUDITOR'S REPORT





Independent Auditor's Report to the Members of thedocyard Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of thedocyard Limited ("the Company") which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the 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.

Material Uncertainty Regarding Going Concern

We draw attention to Note 2 (e) in the financial report, which indicates that the Company incurred a net loss of \$4,129,671 and had net cash outflows from operations of \$1,742,226 during the year ended 30 June 2020. As stated in Note 2 (e), these events or conditions, along with other matters as set forth in Note 2 (e), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Impact of COVID-19

We draw attention to notes 2(g) and 25 to the financial report, which describes the impact of COVID-19 on the Company. Our opinion is not modified in respect of this matter.

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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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
Revenue recognition, including calculation of contract liabilities (Note 13)	
<p>The Company recognised revenue from subscription services for \$671,000 during the year ended 30 June 2020. In addition, contract liabilities of \$95,000 were recognised in the statement of financial position as at 30 June 2020, representing amounts that the Company has invoiced for subscription services in advance of the service being provided.</p> <p>We focussed on this area as a key audit matter due to the judgements involved in applying AASB 15: <i>Revenue from Contracts with Customers</i>.</p>	<p>We reviewed revenue recognition policies and assessed whether in accordance with Australian Accounting Standards.</p> <p>We tested a sample of revenue items recognised during the year and reviewed contracts to assess if revenue recognised is in accordance with Australian Accounting Standards, including recognition of contract liabilities.</p> <p>We reviewed disclosures to assess if in accordance with Australian Accounting Standards.</p>
Accounting for convertible notes (Note 16)	
<p>The Company issued convertible notes during the year ended 30 June 2019 which were redeemed for ordinary shares during the year ended 30 June 2020.</p> <p>We focussed on this area as a key audit matter due to the complexity involved in determining the correct accounting treatment.</p>	<p>We reviewed the convertible note subscription agreements issued by the Company to the convertible note holders to get an understanding of the key terms and conditions.</p> <p>We reviewed management's accounting treatment on conversion of the convertible notes into ordinary shares of the Company, including the calculation of the expense recorded in profit or loss and the calculation of the amount recognised as issued capital, under AASB 132: <i>Financial Instruments</i> and assessed whether in accordance with Australian Accounting Standards.</p> <p>We reviewed disclosures to assess if in accordance with Australian Accounting Standards.</p>
Accounting for share based payments (Note 24)	
<p>The Company issued a number of share options to employees.</p> <p>The fair value of the options at grant date was determined by management, and used to account for the options.</p> <p>The key assumptions used in determining the fair value of the options are set out in Note 24 to the financial statements.</p> <p>We focused on this area as a key audit matter due to the judgement involved in assessing the fair value of the options.</p>	<p>We reviewed the valuation of the options, and the methodology used. We also reviewed the key assumptions in the valuation.</p> <p>We reviewed disclosures to assess if in accordance with Australian Accounting Standards.</p>



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 Company's annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or 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 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.

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 Company'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 Company'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 Company 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.



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.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 26 to 30 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of thedocyard Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink, appearing to read 'HLB Mann Judd'.

HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

A handwritten signature in black ink, appearing to read 'A G Smith'.

A G Smith
Director

Sydney, NSW
14 August 2020

ADDITIONAL ASX INFORMATION



Additional ASX Information

In accordance with corporate governance statement ASX 4.10.3, the Directors provide the following information as at 17 July 2020.

a) Distribution of shareholders and options holders

Fully paid ordinary shares holding ranges	Holders	Number of shares	% of issued capital
1-1,000	5	759	0.000
1,001-5,000	63	220,236	0.150
5,001-10,000	118	1,135,852	0.780
10,001-100,000	240	8,240,161	5.640
100,001-9,999,999,999	91	136,444,162	93.430
Totals	517	146,041,170	100.000

There are 14 shareholders holding less than a marketable parcel of shares each (i.e. less than \$500 per parcel of shares) based on the closing price of AUD 0.205 on 17 July 2020 representing a total of 20,419 shares.

b) Twenty largest shareholders

	Shareholder	Number of shares held	% of issued capital
1	SJSL CLOUT HOLDINGS PTY LTD	34,952,367	23.933%
2	ISAMAX PTY LTD	34,635,739	23.716%
3	OZSCOT PTY LTD	8,141,419	5.575%
4	GLENAYR PTY LTD	7,498,056	5.134%
5	GILORE PTY LTD	7,287,359	4.990%
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,006,371	3.428%
7	VOLGAZE PTY LIMITED <CROWLEY FAMILY SUPER A/C>	2,196,081	1.504%
8	OBJECT INVESTMENTS PTY LTD	1,805,996	1.237%
9	ASSEMBLY LTD	1,779,411	1.218%
10	M CARLESS & SONS PTY LTD <MCARLESS&SONS PL SF NO2 A/C>	1,737,500	1.190%
11	ORILES PTY LTD	1,726,770	1.182%
12	KOMODO PTY LTD <KOMODO A/C>	1,600,000	1.096%
13	MICHAEL BRAY ASSOCIATES LTD	1,539,270	1.054%
14	ELM 46 PTY LTD	1,538,790	1.054%
15	MR STEPHEN ASPEY	1,361,244	0.932%
16	BURRILL SKIES PTY LTD	1,059,812	0.726%
17	SULICICH INVESTMENTS PTY LTD	897,612	0.615%
18	CROZET ISLAND PTY LTD	852,905	0.584%
19	ELTON HOLDINGS PTY LTD	825,000	0.565%
20	2 DOGS INVESTMENTS PTY LTD <2 DOGS INVESTMENT A/C>	769,779	0.527%
20	DAVIS INVEST CO PTY LTD <DAVIS INVESTMENT A/C>	769,779	0.527%
Total Securities of Top 20 Holdings		117,981,260	80.786%
Total Securities		146,041,170	

c) Substantial shareholders

A substantial shareholder is one who has a relevant interest in 5 per cent or more of the total issued shares in the Company. Following are the substantial shareholders in the Company based on notifications provided to the Company under the *Corporations Act 2001*:

Shareholder	Number of shares	% of issued capital
SJSL CLOUD HOLDINGS PTY LTD	34,952,367	23.933%
ISAMAX PTY LTD	34,635,739	23.716%
OZSCOT PTY LTD	8,141,419	5.575%
GLENAYR PTY LTD	7,498,056	5.134%

d) Voting rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands. There are no other classes of equity securities.

e) Restricted securities

The Company has the following fully paid ordinary restricted securities:

	Number of shares	Holders
FPO Advisor Shares ASX Escrowed 24 Months from Date of Quotation	4,239,250	18
FPO Shares ASX Escrowed 24 Months from Date of Quotation	70,614,174	11
FPO Shares Escrowed 12 Months from Issue	1,805,996	1
FPO Shares Escrowed 6 Months from Issue	7,053,295	2
Performance Shares ASX Escrowed 24 Months from Quotation	1,200,000	1
Total Restricted Securities	84,912,715	33