



Dough Limited
Corporate directory
30 June 2021

Directors	Steve Bellotti (Non-Executive Chairman) Andrew Taylor (Managing Director and CEO) Patrick Tuttle (Non-Executive Director) Bert Mondello (Non-Executive Director) Leanne Graham (Non-Executive Director)
Company secretary	Derek Hall
Registered office	Level 7, 44 Market St, Sydney, 2000 T +61 (0) 8 6380 2555
Principal place of business	Level 7, 44 Market St, Sydney, 2000 T +61 (0) 8 6380 2555
Share register	Automic Group Share Registry Level 5, 126 Phillip Street Sydney NSW 2000 T 1300 288 664
Auditor	RSM Australia Partners Level 13, 60 Castlereagh Street Sydney, NSW 2000
Solicitors	Steinepreis Paganin Level 4, The Read Buildings 16 Milligan Street Perth WA 6000 Australia T +61 (0) 8 9321 4000
Stock exchange listing	Dough Limited shares are listed on the Australian Securities Exchange (ASX code: DOU).
Website	https://dough.com/
Corporate Governance Statement	https://dough.com/investors/#corporategovernance

A Letter from the CEO

Dear Fellow Shareholders,

On behalf of the Board, I am pleased to present the Dough Limited Annual Report for 2021, its first as an ASX listed company.

Dough Limited (ASX:DOU) (Company or Dough) is a US focused fintech with a financial wellness banking app (Dough app) which helps people autonomously manage and grow their money. The Company successfully completed a reverse takeover initial public offering which raised \$6 million and was admitted to the ASX in October 2020.

Since listing, the Company embarked on an ambitious set of objectives and has largely delivered on these having:

- Launched the Dough app in mid-November in the US;
- Completed the acquisition of Goodments Pty Ltd;
- Delivered on key development milestones; and
- Inked strategic operational and marketing agreements.

The Dough app has continued to build on the momentum shown since our November 17th launch in the US. COVID-19 enforced delays to securing new card inventory resulted in us pulling back on customer acquisition to preserve investor capital in the short-term, whilst making significant product enhancements. These improvements have now been introduced on Android with extremely positive results, and now been rolled over to iOS.

In terms of the Australian business, the integration of Goodments was completed and we successfully relaunched the service under the 'Goodments by Dough' brand as an interim step before launching the full Dough banking app next year, at which point we will migrate the entire single stock feature offering into the Dough app as a dedicated 'Stocks Jar'. For now, I'm happy to say it is contributing to our platform metrics. And we will continue to make minor improvements to the Goodments proposition in the short-term that can be carried across to the Dough app.

FY21 has been a foundational year for the Company and despite significant one-off corporate costs (~\$3.0M) and non-cash share-based payments and impairment expenses (~\$2.5M), the Company still managed to end the financial year in a strong cash position with ~\$10.3M in the bank.

FY22 is shaping up to be a breakout year for our business as we look to aggressively scale up our US presence, roll out new features to further increase engagement and ARPU as we evolve into becoming a 'responsible' financial super app. We also plan to kick off our international expansion with the Australian rollout.

Yours Faithfully,



Andy Taylor
Managing Director and CEO
Dough Limited

Douugh Limited
Directors' report
30 June 2021

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Douugh Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors

The following persons were Directors of Douugh Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Steve Bellotti	Non-Executive Chairman (appointed 18 September 2020)
Andrew Taylor	Managing Director and CEO (appointed 18 September 2020)
Patrick Tuttle	Non-Executive Director (appointed 18 September 2020)
Bert Mondello	Non-Executive Director (appointed 12 June 2014)
Leanne Graham	Non-Executive Director (appointed 1 May 2021)
Joshua Hunt	Non-Executive Director (resigned 17 September 2020)
Salvatore Vallelonga	Non-Executive Director (resigned 17 September 2020)

Principal activities

The principal activity of the Group during the financial year is to develop and get ready to launch an artificial intelligence (AI) first approach to reimagine banking, enabling our customers to better manage their money and achieve financial freedom through a smart mobile banking app.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$13,487,518 (30 June 2020: \$1,299,600).

Significant changes in the state of affairs

On 20 March 2020, the Company announced that it had entered into a binding, conditional agreement to acquire 100% of the issued capital of Douugh Technologies Limited (formerly 'Douugh Limited') (the Transaction). Douugh Technologies Limited is a purposed based fintech company, taking a proprietary artificial intelligence (AI) first approach to disrupting the business model of banking, helping customers live financially healthier.

The transaction incorporates a public offer up to 200,000,000 shares at an issue price of \$0.03 (the Public Offer) per share to raise \$6,000,000 before costs. The Public Offer closed on 3rd September 2020 and the Company successfully raised the \$6 million maximum stated under the Public Offer.

Upon the completion of the public offer, the acquisition of Douugh Technologies Limited was completed on 17th September 2020. The Company re-comply with Chapters 1 and 2 of the ASX Listing Rules and reinstated to the Official Quotation of ASX on 6 October 2020.

On 7 December 2020, the Company completed a placement of 54,545,455 fully paid ordinary shares at \$0.22 per share in order to accelerate research and development, marketing and growth of the Douugh platform, including the BNPL offering in the United States.

On 15 April 2021 the Company completed the acquisition of Goodments Pty Ltd as announced on 6 January 2021 and 26 February 2021. Goodments holds an Australian Financial Services License and operates a Millennial and Gen-Z investing App. access to which will further accelerate the Company's development pathways and customer growth in both the USA and Australian markets.

The transaction was fully share based and the Company issued 8,203,542 Douugh Shares to the vendors of Goodments.

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

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

Information on Directors

Name:	Steve Bellotti (appointed 18 September 2020)
Title:	Non-Executive Chairman
Experience and expertise:	Steve has an extensive track record in building and running large, complex global markets and loans businesses and has proven to be a very effective risk taker and manager, leader and investor across global financial markets. He has built a number of large complex global markets operations for global banks, including Merrill Lynch and Dresdner Kleinwort in London, New York, Sydney, Hong Kong and Singapore. Steve's most recent role was Managing Director of Global Markets & Institutional Loans at ANZ Bank (managing over AUD\$300b in assets), and Managing Director and Head of Global Markets at Dresdner Kleinwort Group. Steve is also currently a Director of Trovio Pty Ltd (ACN 619 726 608), CEO - Digital Native Assets Pty Ltd (ACN 620 623 234) and Executive Chairman of TCM Capital AM Pty Ltd (ACN632 888 638).
Other current directorships:	None.
Former directorships (last 3 years):	None.

Name:	Andrew Taylor (appointed 18 September 2020)
Title:	Founder, Managing Director and CEO
Experience and expertise:	Andy holds a Bachelor of Business Studies, majoring in Marketing Communications from Massey University. Andy was previously Co-founder & Co-CEO of SocietyOne Australia Pty Ltd (ACN 151 627 977), a peer-to-peer lending platform, Founder & CEO of Yatango Pty Ltd (ACN 159 748 240), an online consumer services and rewards platform, and was also previously Co-founder & CEO of Unity ID Ltd, a digital marketing and technology agency.
Other current directorships:	None.
Former directorships (last 3 years):	None.

Douough Limited
Directors' report
30 June 2021

Name: Patrick Tuttle (appointed 18 September 2020)
 Title: Non-Executive Director
 Experience and expertise: Patrick is currently Non-executive Chairman of Openpay Group Limited (ASX:OPY) and COG Financial Services Limited (ASX:COG). He is an Australian Chartered Accountant (since 1991). Patrick is also currently a Non-executive Director at GetCapital Pty Ltd (ACN 149 390 625), Azora Finance Pty Ltd (ACN 083 084 548), Divipay Pty Ltd (ACN 617 434 607) and Beforepay Group Limited. Patrick was previously the Managing Director and Co-Group CEO of ASX-listed Pepper Group Limited from early 2008 until March 2017. Patrick led the transformation of the business from an Australian specialist mortgage lender into a large scale, global financial services firm operating in 7 countries, with more than 2,000 employees and AUM in excess of A\$50 billion.
 Other current directorships: Openpay Group Limited (ASX:OPY), COG Financial Services Limited (ASX:COG).
 Former directorships (last 3 years): None.
 Special responsibilities: Member of the Nomination Committee

Name: Bert Mondello
 Title: Non-Executive Director
 Experience and expertise: Bert Mondello is an experienced Public Company Director, Corporate Advisor and Technology Expert with 20 years' experience across both the private and public sectors. As an Executive, Bert has substantial capital markets experience and knowledge of equity markets having participated in company restructures, complex M & A transactions, IPOs, RTOs, investor placements and capital raisings. Bert has widespread experience spanning across retail and institutional sectors and an extensive knowledge of marketing communications and investor relations. With deep rooted expertise across multiple technology sectors, Bert has provided strategic corporate advice and mentoring to a number of private and public organisations internationally across multiple industries. He holds a Bachelor of Laws from the University of Notre Dame, Australia.
 Other current directorships: Vection Technologies Limited, Emerge Gaming Limited
 Former directorships (last 3 years): Sinetech Limited, WestStar Industrial Limited
 Special responsibilities: Member of the Nomination Committee

Name: Leanne Graham (appointed 1 May 2021)
 Title: Non-Executive Director
 Experience and expertise: Leanne is a highly experienced technology executive, with a comprehensive understanding of Software-as-a-Service (SaaS) based business models. Leanne has over 30 years' experience in the software industry and is recognised as one of New Zealand's few female IT entrepreneurs. She is also on the Board of Directors of Bill Identity Limited (ASX:PID) and ArchTis Limited (ASX:AR9) and Nomos One in New Zealand. Leanne is an Advisory Board Member of Freee Accounting software in Japan and Nibo Accounting Software (Brazil). Leanne previously was Chief Executive Officer of GeoOp Limited (NZX:GEO), she also co-founded Enprise Software and she was also the Global Head of Sales and New Zealand Country Manager for Xero Limited, designing and executing the company's global sales and channel strategy. Leanne was awarded the New Zealand Order of Merit for services to the software industry.
 Other current directorships: Bill Identity Limited (ASX:PID), ArchTis Limited (ASX:AR9).
 Former directorships (last 3 years): Health House (previously Velpic/VPC) (ASX:HHI), Apps Village (ASX:APV).
 Special responsibilities: Member of the Nomination Committee

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Name: Joshua Hunt (resigned 17 September 2020)
 Title: Former Non-Executive Director
 Experience and expertise: Mr Josh Hunt has extensive experience in all aspects of mining and energy project acquisition and disposals including drafting and negotiation of acquisition documents, conducting due diligence into resources assets and general mining legislation compliance throughout Australia.
 Other current directorships: None.
 Former directorships (last 3 years): None.

Name: Salvatore Vallelonga (resigned 17 September 2020)
 Title: Former Non-Executive Director
 Experience and expertise: Mr Sal Vallelonga is a co-founding Partner of Plexus Global Consultants and is a Chartered Accountant of some 20 years' standing who holds a Bachelor of Commerce degree.
 Other current directorships: None.
 Former directorships (last 3 years): None.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Directors' relevant interests

The directors' relevant Interests in shares, rights and options notified to the ASX in accordance with the Corporations Act 2001 at the date of this report are as follows:

	Ordinary shares	Performance rights*	Options (Expiry 31/7/2024)*
Steve Bellotti	4,062,618	1,107,987	1,107,987
Andrew Taylor	191,676,612	52,275,440	52,275,440
Patrick Tuttle	3,310,788	902,942	902,942
Bert Mondello	15,196,041	-	-
Leanne Graham	-	-	-
Joshua Hunt (no longer a director - N/A)	-	-	-
Salvatore Vallelonga (no longer a director - N/A)	-	-	-
	<u>214,246,059</u>	<u>54,286,369</u>	<u>54,286,369</u>

* Refer to note 4 for performance rights and options granted to Directors during the reverse acquisition.

Company secretary

Derek Hall is a Chartered Accountant, Fellow of the Financial Services Institute and Member of the Institute of Chartered Secretaries and Administrators.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

	Full Board Attended	Held
Steve Bellotti	6	6
Andrew Taylor	6	6
Patrick Tuttle	6	6
Bert Mondello	7	7
Salvatore Vallelonga	1	1
Joshua Hunt	1	1
Leanne Graham	2	2

Held: represents the number of meetings held during the time the Director held office.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the consolidated entity depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate.

Non-executive Directors remuneration

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive Directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive Directors do not receive share options or other incentives.

ASX listing rules require the aggregate non-executive Directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Extraordinary General Meeting held on 17 August 2020, where the shareholders approved a maximum annual aggregate remuneration of \$300,000.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the consolidated entity's direct competitors

Voting and comments made at the Company's 29 January 2021 Annual General Meeting ('AGM')

At the 29 January 2021 AGM, 89.1% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

Dough Limited
Directors' report
30 June 2021

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
30 June 2021	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Steve Bellotti	30,000	-	-	-	-	-	30,000
Bert Mondello	146,000	-	-	-	-	115,500	261,500
Patrick Tuttle	30,000	-	-	-	-	-	30,000
Salvatore Vallelonga	18,000	-	-	-	-	115,500	133,500
Joshua Hunt	18,000	-	-	-	-	115,500	133,500
Leanne Graham	6,666	-	-	-	-	-	6,666
<i>Executive Directors:</i>							
Andrew Taylor	229,167	-	44,983	21,771	-	-	295,921
	477,833	-	44,983	21,771	-	346,500	891,087

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
30 June 2020	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Bert Mondello	109,000	-	-	-	-	40,000	149,000
Joshua Hunt	60,000	-	-	-	-	-	60,000
Salvatore Vallelonga	60,000	-	-	-	-	-	60,000
	229,000	-	-	-	-	40,000	269,000

Service agreements

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

Name:	Andrew Taylor
Title:	Managing Director and CEO
Agreement commenced:	18 September 2020
Details:	\$250,000 per annum inclusive of superannuation. 6 months' termination notice.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

Details of shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2021 are set out below:

Name	Date	Shares	Issue price	\$
Bert Mondello	17 August 2020	3,850,000	\$0.03	115,500
Salvatore Vallelonga	17 August 2020	3,850,000	\$0.03	115,500
Joshua Hunt	17 August 2020	3,850,000	\$0.03	115,500

Additional information

The earnings of the consolidated entity for the five years to 30 June 2021 are summarised below:

	2021 \$	2020 \$	2019 \$	2018 \$	2017 \$
Revenue	34,081	218	241,329	246,300	300,000
Loss after income tax	(13,487,518)	(1,299,600)	(1,550,285)	(685,529)	(275,535)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020
Share price at financial year end (\$)	0.09	0.02
Basic earnings per share (cents per share)	(2.55)	(0.28)
Diluted earnings per share (cents per share)	(2.55)	(0.28)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Steve Bellotti (appointed 18 September 2020)	-	-	4,062,618	-	4,062,618
Andrew Taylor (appointed 18 September 2020)	-	-	191,676,612	-	191,676,612
Patrick Tuttle (appointed 18 September 2020)	-	-	3,310,788	-	3,310,788
Bert Mondello	20,629,167	3,850,000	-	(9,283,126)	15,196,041
Joshua Hunt (resigned 17 September 2020)*	1,486,516	-	-	(1,486,516)	-
Salvatore Vallelonga (resigned 17 September 2020)*	1,360,437	-	-	(1,360,437)	-
	<u>23,476,120</u>	<u>3,850,000</u>	<u>199,050,018</u>	<u>(12,130,079)</u>	<u>214,246,059</u>

* Directors resigned during the year, therefore shareholding shown as nil at period end.

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Steve Bellotti (appointed 18 September 2020)	-	1,107,987	-	-	1,107,987
Andrew Taylor (appointed 18 September 2020)	-	52,275,440	-	-	52,275,440
Patrick Tuttle (appointed 18 September 2020)	-	902,942	-	-	902,942
Bert Mondello	2,575,833	-	-	(2,575,833)	-
Joshua Hunt (resigned 17 September 2020)*	267,472	-	-	(267,472)	-
Salvatore Vallelonga (resigned 17 September 2020)*	272,069	-	-	(272,069)	-
	<u>3,115,374</u>	<u>54,286,369</u>	<u>-</u>	<u>(3,115,374)</u>	<u>54,286,369</u>

* Directors resigned during the year, therefore options shown as nil at period end.

Douough Limited
Directors' report
30 June 2021

The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Steve Bellotti (appointed 18 September 2020)	-	1,107,987	-	-	1,107,987
Andrew Taylor (appointed 18 September 2020)	-	52,275,440	-	-	52,275,440
Patrick Tuttle (appointed 18 September 2020)	-	902,942	-	-	902,942
	-	<u>54,286,369</u>	-	-	<u>54,286,369</u>

Payables to key management personnel and their related parties

Recruitment and website fees payable of \$20,414 to Andrew Taylor, for expenses incurred on behalf of the consolidated entity.

Other transactions with key management personnel and their related parties

Consulting, bookkeeping and administrative fees of \$12,000 to related entities of Bert Mondello. Legal consulting fees of \$137,049 were paid to HopgoodGanim Lawyers (an entity related to Joshua Hunt) during the year for legal fees relating to the reverse acquisition.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Douough Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
17/08/2020	31/07/2024	\$0.04	30,000,000
17/08/2020	31/08/2024	\$0.04	75,000,000
16/04/2021	30/09/2023	\$0.00	<u>262,755</u>
			<u><u>105,262,755</u></u>

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance rights

Unissued ordinary shares of Douough Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
16/04/2021	30/09/2023	\$0.00	1,313,772
17/08/2020	06/10/2023	\$0.00	75,000,000

Shares issued on the exercise of performance rights

The following ordinary shares of Douough Limited were issued during the year ended 30 June 2021 and up to the date of this report on the exercise of performance rights granted:

Date performance rights granted	Exercise price	Number of shares issued
17/08/2020	\$0.04	437,924

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 a 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 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.

Proceedings on behalf of the Company

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

Statement regarding use of cash and assets

The following information is provided in accordance with Listing Rule 4.10.19:

From the time of the Company's admission to the ASX until 30 June 2021, the Company has used the cash and assets in a form readily convertible to cash, that it had at the time of admission, in a way that is consistent with its business objectives at that time.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the Company who are former partners of RSM Sydney

There are no officers of the Company who are former partners of RSM Sydney.

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 immediately after this Directors' report.

Auditor

RSM Sydney continues in office in accordance with section 327 of the Corporations Act 2001.

Douugh Limited
Directors' report
30 June 2021

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



Steve Bellotti
Chairman

30 September 2021

For personal use only

RSM Australia Partners

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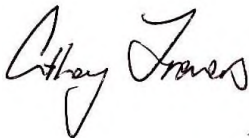
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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Douugh Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads "RSM".**RSM AUSTRALIA PARTNERS**A handwritten signature in black ink that reads "Anthony Travers".

Anthony Travers
Partner

Sydney, NSW

Dated: 30 September 2021

Douough Limited

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General information

The financial statements cover Douough Limited as a consolidated entity consisting of Douough Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Douough Limited's functional and presentation currency.

Douough Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 7, 44 Market St,
Sydney NSW 2000

A description of the nature of the consolidated entity'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 15 September 2021. The Directors have the power to amend and reissue the financial statements.

Douough Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

		Consolidated	
	Note	30 June 2021	30 June 2020
		\$	\$
Revenue	6	34,081	218
Other income	7	304,886	1,419,701
Expenses			
Share based payments	32	(1,099,781)	-
Administrative and operating activities		(1,292,749)	(554,803)
Employee benefits expense		(2,943,607)	(1,077,979)
Research and development costs		(1,634,336)	(673,544)
Depreciation and amortisation expense	8	(14,931)	(1,785)
Impairment expense	13	(1,417,192)	-
Direct and other operational costs		(496,219)	(78,524)
Corporate restructure costs		(3,001,690)	-
Finance costs	8	(119,231)	(74,659)
Advertising and marketing		(1,805,581)	(144,370)
Loss before income tax expense		(13,486,350)	(1,185,745)
Income tax expense	9	(1,168)	(113,855)
Loss after income tax expense for the year attributable to the owners of Douough Limited	20	(13,487,518)	(1,299,600)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		21,567	(3,003)
Other comprehensive income for the year, net of tax		21,567	(3,003)
Total comprehensive income for the year attributable to the owners of Douough Limited		<u>(13,465,951)</u>	<u>(1,302,603)</u>
		Cents	Cents
Basic earnings per share	31	(2.55)	(0.28)
Diluted earnings per share	31	(2.55)	(0.28)

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

Douough Limited
Consolidated statement of financial position
As at 30 June 2021

	Note	Consolidated 2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	10	10,325,223	172,136
Trade and other receivables	11	227,817	640,354
Other assets		37,190	-
Total current assets		<u>10,590,230</u>	<u>812,490</u>
Non-current assets			
Plant and equipment	12	53,358	-
Intangibles	13	71,571	-
Total non-current assets		<u>124,929</u>	<u>-</u>
Total assets		<u>10,715,159</u>	<u>812,490</u>
Liabilities			
Current liabilities			
Trade and other payables	14	1,806,590	705,541
Contract liabilities	15	330,000	330,000
Employee benefits	16	160,292	55,283
Other liabilities	17	20,414	621,373
Total current liabilities		<u>2,317,296</u>	<u>1,712,197</u>
Total liabilities		<u>2,317,296</u>	<u>1,712,197</u>
Net assets/(liabilities)		<u>8,397,863</u>	<u>(899,707)</u>
Equity			
Issued capital	18	25,198,242	3,104,485
Reserve	19	710,541	19,210
Accumulated losses	20	(17,510,920)	(4,023,402)
Total equity/(deficiency)		<u>8,397,863</u>	<u>(899,707)</u>

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

Douough Limited
Consolidated statement of changes in equity
For the year ended 30 June 2021

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2019	1,986,213	492,101	(2,723,802)	(245,488)
Loss after income tax expense for the year	-	-	(1,299,600)	(1,299,600)
Other comprehensive income for the year, net of tax	-	(3,003)	-	(3,003)
Total comprehensive income for the year	-	(3,003)	(1,299,600)	(1,302,603)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 18)	533,333	-	-	533,333
Share-based payments (note 32)	584,939	(469,888)	-	115,051
Balance at 30 June 2020	<u>3,104,485</u>	<u>19,210</u>	<u>(4,023,402)</u>	<u>(899,707)</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	3,104,485	19,210	(4,023,402)	(899,707)
Loss after income tax expense for the year	-	-	(13,487,518)	(13,487,518)
Other comprehensive income for the year, net of tax	-	21,567	-	21,567
Total comprehensive income for the year	-	21,567	(13,487,518)	(13,465,951)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 18)	21,681,257	(17,517)	-	21,663,740
Share-based payments (note 32)	412,500	687,281	-	1,099,781
Balance at 30 June 2021	<u>25,198,242</u>	<u>710,541</u>	<u>(17,510,920)</u>	<u>8,397,863</u>

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

Douough Limited
Consolidated statement of cash flows
For the year ended 30 June 2021

		Consolidated	
	Note	30 June 2021	30 June 2020
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		41,874	363,218
Payments to suppliers and employees (inclusive of GST)		(7,790,478)	(2,244,566)
		(7,748,604)	(1,881,348)
Interest received		1,512	1,987
Government grants received		167,001	701,671
Interest and other finance costs paid		(119,231)	-
Income taxes refunded/(paid)		637,621	(113,855)
Net cash used in operating activities	30	(7,061,701)	(1,291,545)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	4	16,359	-
Payments for property, plant and equipment	12	(65,338)	(1,785)
Payments for intangibles	13	(1,720)	-
Payments for security deposits		(24,692)	-
Cash from acquisition of subsidiary	4	443,309	-
Net cash from/(used in) investing activities		367,918	(1,785)
Cash flows from financing activities			
Proceeds from issue of shares	18	18,000,001	533,333
Proceeds from borrowings		-	785,388
Share issue transaction costs	18	(983,156)	-
Repayment of borrowings		-	(499,357)
Share buyback		(169,975)	-
Net cash from financing activities		16,846,870	819,364
Net increase/(decrease) in cash and cash equivalents		10,153,087	(473,966)
Cash and cash equivalents at the beginning of the financial year		172,136	649,105
Effects of exchange rate changes on cash and cash equivalents		-	(3,003)
Cash and cash equivalents at the end of the financial year	10	<u>10,325,223</u>	<u>172,136</u>

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The Company has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Company's financial statements.

Going concern

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

As disclosed in the financial statements the consolidated entity incurred a net loss after tax of \$13,487,518 and had net cash outflows from operating activities of \$7,061,701 during the year ended 30 June 2021. As of that date, the consolidated entity had net assets of \$8,397,863.

The Directors believe that it is reasonably foreseeable that the Consolidated Entity will continue as a going concern and it is appropriate to prepare the financial statements on a going concern basis. In determining this position, the Directors have considered the following factors:

- Cash on hand of \$10,325,223 as at 30 June 2021.
- The Directors believe the consolidated entity will be able to access debt facilities.
- 'In the money' options with the potential to raise up to \$4.2M.
- Research and development tax incentives and other grant receipts estimated to be received in excess of \$1M.

The consolidated entity is constantly assessing its ongoing cash requirements. The consolidated entity maintains an internal cash flow management process which is based on detailed revenue and expense projections. Should these assumptions not be achieved, the consolidated entity has the ability to implement additional cost savings to maintain a positive cash balance over the next 12 months.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

The financial statements do not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

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

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Note 1. Significant accounting policies (continued)

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 higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Company only. Supplementary information about the parent entity is disclosed in note 27.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Douough Limited ('Company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Douough Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

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

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

Foreign currency translation

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

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Current and non-current classification

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

Note 1. Significant accounting policies (continued)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity'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 consolidated entity'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.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

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

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.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 1. Significant accounting policies (continued)

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Douough Limited, 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.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. 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 (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity 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 either the Binomial or 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.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Allowance for expected credit losses

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

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

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

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Business combinations

As discussed in note 3, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Business combination

On 25 February 2021, Douough Limited entered into a Share Sale Agreement (the 'Agreement') to acquire 99.8% of the ordinary shares of Goodments Pty Ltd through the issuance of 8,203,542 ordinary shares at the price of 18.268 cents per share, giving a total consideration (including transaction costs) of \$1,498,623. The settlement date of the acquisition is 15 April 2021.

Goodments holds an Australian Financial Services License and operates a Millennial and Gen-Z investing App. access to which will further accelerate the Company's development pathways and customer growth in both the USA and Australian markets.

The goodwill of \$711,259 arising on acquisition relates predominantly to the specialised know-how of the workforce and mobile application development that do not meet the recognition criteria for an intangible asset at the date of acquisition. Goodwill will not be deductible for tax purposes.

The identification and fair value measurement of the assets and liabilities acquired are provisional and amendments may be made to these figures up to 12 months following the date of acquisition if new information is obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised as of the date.

Details of the acquisition are as follows:

Cash and cash equivalents	16,359
Deposits	12,500
Software	70,801
Trademarks	2,000
Trade and other payables	(39,799)
Loan to related party	(32,883)
Net assets acquired	<u>28,978</u>

Provisional purchase price allocation:

Goodwill	711,259
Software	480,933
Australian Financial Services License	50,000
Funds under management / client list / brand name	175,000
Goodwill	<u>1,417,192</u>
	<u>1,466,170</u>

Representing:

Douough Limited shares issued to vendor as purchase consideration	1,498,623
Douough Limited shares issued to advisor as transaction costs, treated as equity transaction costs	<u>(52,453)</u>
	<u><u>1,446,170</u></u>

Note 3. Business combination (continued)

Accounting policy for business combination

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and the fair value of the consideration transferred is recognised as goodwill. If the consideration transferred is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 4. Reverse acquisition

Douough Limited (formerly Ziptel Limited) (the Company) acquired Douough Technologies Limited (formerly Douough Limited) on 17 September 2020.

From a legal and taxation perspective the Company is considered the acquiring entity. However, the acquisition has the features of a reverse acquisition as described in the Australian Accounting Standard AASB 3 *Business Combinations* (AASB 3) because the acquisition resulted in Douough Technologies Limited shareholders holding a controlling interest in the Company after the transaction notwithstanding the Company being the legal parent of the Group. At the time of the acquisition the Company divested all of its operations, and its activities were limited to managing its cash balances, filing obligations (i.e., a listed shell), and completion of the acquisition. It is therefore considered that the Company does not meet the definition of a business for the purposes of AASB 3 as it did not have any processes or outputs.

The transaction has therefore been accounted for as a reverse acquisition from a consolidated perspective, where Douough Technologies Limited is the accounting acquirer and the Company is the legal acquirer. The financial report includes the consolidated financial statements of Douough Technologies Limited for the financial year and the Company for the period 17 September 2020 to 30 June 2021. The financial report represents a continuation of Douough Technologies Limited's financial statements with the exception of the capital structure. The amount recognised as equity instruments in these consolidated statements represents the issued equity of the Company adjusted to reflect the equity issued by the Company on acquisition.

Under the reverse acquisition principles, the consideration provided by Douough Technologies Limited was determined to be \$3,120,701 which is the deemed fair value of the 104,023,356 shares owned by the former Douough Limited shareholders at the completion of the acquisition, valued at the capital raising share price of \$0.03 per share.

The excess of the deemed fair value of the shares owned by the Company shareholders and the fair value of the identifiable net assets of the Company immediately prior to the completion of the merger is accounted for under AASB 2 *Share Based Payment* and resulted in the recognition of \$3,001,690 being recorded as "Corporate restructure costs". The net assets of the Company were recorded at fair value at acquisition date. As the carrying value of all assets and liabilities held by the Company at acquisition date approximated their fair value, no adjustments were required.

Note 4. Reverse acquisition (continued)

The fair values of the assets and liabilities of the Company (being the accounting acquiree) as at the date of acquisition and the deemed consideration is as follows:

	Fair value \$
Cash and cash equivalents	443,309
Trade and other receivables	536
Trade and other payables	<u>(324,834)</u>
Net assets acquired	<u>119,011</u>
Fair value of net assets acquired	<u><u>119,011</u></u>
	At 17 September 2020 \$
Corporate restructure expense on acquisition:	
Fair value of the shares deemed to have been issued by Douough Technologies Limited*	3,120,701
Less: fair value of identifiable net assets acquired - Douough Limited (as per above)	<u>(119,011)</u>
	<u><u>3,001,690</u></u>

* The fair value of the deemed consideration of \$3,120,701 was based on the Company's capital raising price for the acquisition of \$0.03 multiplied by the number of shares on issue at the date of the transaction being 104,023,356. The directors believe that this is the most reasonable measurement of the consideration given the facts and circumstances surrounding the acquisition.

Existing shareholders of Douough Technologies Limited were granted the following unlisted options and performance rights pursuant to the acquisition of Douough Technologies Limited:

- 75,000,000 unlisted share options issued with an exercise price of \$0.04, vesting date of 17 August 2020, expiry 31 August 2024; and
- 75,000,000 performance rights issued with nil exercise price for one fully ordinary share upon the achievement of certain non-market conditions.

The terms of the performance rights granted to the existing shareholders of Douough Technologies Limited are outlined below:

Note 4. Reverse acquisition (continued)

Performance Rights	Milestones	No. on issues	Expiry date
Class A Performance rights	Whichever occurs first of: 1. The acquisition of 10,000 customer accounts; or 2. Achievement of \$100,000 monthly recurring revenue for 3 consecutive calendar months.	25,000,000	6/10/2023
Class B Performance rights	Whichever occurs first of: 1. The acquisition of 12,500 customer accounts; or 2. Achievement of \$125,000 in monthly recurring revenue for 3 consecutive calendar months.	25,000,000	6/10/2023
Class C Performance rights	Whichever occurs first of: 1. The acquisition of 25,000 customer accounts or; 2. Achievement of \$250,000 in monthly recurring revenue for 3 consecutive calendar months.	25,000,000	6/10/2023

The unlisted options and performance shares are deemed to be outside the scope of AASB 2 *Share Based Payment* and therefore, are not reflected as an expense in note 32.

None of the milestones were met in the period ended 30 June 2021 and no performance shares were converted to ordinary shares during the period.

Note 5. Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors. During the period the Company only operated in one segment and that was the development of a smart mobile app for banking. The acquisition of Goodments Pty Ltd during the period (refer note 3) resulted in the immediate integration of reporting and the mobile app into the Douough platform and forms part of this single operating segment.

Note 6. Revenue

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Rendering of services	34,081	218

Accounting policy for revenue recognition

Rendering of services

Transaction processing fees are recognised upon the completion of the transfer of funds. This is when the consolidated entity meets their performance obligation under the contract to facilitate the payment.

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

Note 6. Revenue (continued)

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Note 7. Other income

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Government grant - ATO - Jobkeeper subsidy	139,500	-
Government grant - ATO - Cash flow boost	27,500	-
Government grant R&D	-	1,288,714
Other Government subsidies	-	129,000
Interest income	1,512	1,987
Other income	136,374	-
	<hr/>	<hr/>
Other income	304,886	1,419,701

Accounting policy for other income

Government grant

Government grants are recognised at fair value where there is reasonable assurance the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Except for amount received under the R&D tax incentive program, grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Other income

Other income includes \$130,196 of grant income that is recognised to the extent to which it is believed to be recoverable through future use and are subject to the satisfaction of certain conditions. Any unused amounts at the end of the relevant grant period will be refunded.

Interest

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

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Note 8. Expenses

	Consolidated	Consolidated
	30 June 2021	30 June 2020
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Computer and office equipment	11,981	1,785
<i>Amortisation</i>		
Software	2,950	-
Total depreciation and amortisation	14,931	1,785
<i>Impairment</i>		
Goodwill and other intangible assets	1,417,192	-
<i>Finance costs</i>		
Interest and finance charges paid on borrowings	111,758	73,219
ATO interest charges	7,473	1,440
Finance costs expensed	119,231	74,659
<i>Superannuation expense - included within employee benefits expense</i>		
Defined contribution superannuation expense	242,943	84,750

Note 9. Income tax expense

	Consolidated	Consolidated
	30 June 2021	30 June 2020
	\$	\$
<i>Income tax expense</i>		
Current tax	1,168	113,855
Aggregate income tax expense	1,168	113,855
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(13,486,350)	(1,185,745)
Tax at the statutory tax rate of 26% (2020: 27.5%)	(3,506,451)	(326,080)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable income	(7,150)	-
Non-deductible expenses	1,416,907	476,858
Non-assessable income	-	(597,133)
R&D tax incentive	-	691,043
Income tax benefit on temporary differences not brought to account	15,238	-
Income tax benefit not brought to account	(2,081,456)	244,688
Income tax expense	2,082,624	(130,833)
	1,168	113,855

Note 9. Income tax expense (continued)

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

Accrued expenses	7,800
Employee entitlements	56,220
Accumulated tax losses	<u>2,116,216</u>
Total deferred tax assets	<u><u>2,180,236</u></u>

The consolidated entity has unrecognised tax losses available totalling \$2,116,216. The benefits of these unrecognised tax losses will only be realised if certain conditions are met, including:

- The consolidated entity derives future assessable income of a nature and amount sufficient to enable the benefits from the deductions for the losses to be realised; and
- The consolidated entity continues to comply with the conditions for deductibility imposed by law.

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Douough Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Note 10. Current assets - cash and cash equivalents

	Consolidated 2021 \$	2020 \$
Cash at bank	10,325,223	172,136

Accounting policy for cash and cash equivalents

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

Note 11. Current assets - trade and other receivables

	Consolidated 2021 \$	2020 \$
Trade receivables	134,488	1,565
Other receivables	93,329	-
Income tax refund due	-	638,789
	227,817	640,354

Allowance for expected credit losses

Management have assessed that there is no indication of impairment of the consolidated entity's receivables as at 30 June 2021 (30 June 2020: nil).

Accounting policy for 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 allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity 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.

Note 12. Non-current assets - plant and equipment

	Consolidated 2021 \$	2020 \$
Computer equipment - at cost	84,367	25,336
Less: Accumulated depreciation	(34,873)	(25,336)
	49,494	-
Office equipment - at cost	11,618	5,311
Less: Accumulated depreciation	(7,754)	(5,311)
	3,864	-
	53,358	-

Note 12. Non-current assets - plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Computer equipment \$	Office equipment \$	Total \$
Balance at 1 July 2020	-	-	-
Additions	59,031	6,308	65,339
Depreciation expense	(9,537)	(2,444)	(11,981)
Balance at 30 June 2021	<u>49,494</u>	<u>3,864</u>	<u>53,358</u>

Accounting policy for plant and equipment

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

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment 3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 13. Non-current assets - intangibles

	Consolidated 2021 \$	2020 \$
Goodwill - at cost	711,259	-
Less: Impairment	(711,259)	-
	<u>-</u>	<u>-</u>
Patents and trademarks - at cost	3,720	-
Software - at cost	551,734	-
Less: Accumulated amortisation	(2,950)	-
Less: Impairment	(480,933)	-
	<u>67,851</u>	<u>-</u>
Australian Financial Services License - at cost	50,000	-
Less: Impairment	(50,000)	-
	<u>-</u>	<u>-</u>
Funds under management / client list / brand name - at cost	175,000	-
Less: Impairment	(175,000)	-
	<u>-</u>	<u>-</u>
	<u>71,571</u>	<u>-</u>

Note 13. Non-current assets - intangibles (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Goodwill	Patents and trademarks	Software	Australian Financial Services License	Funds under management / client list / brand name	Total
Consolidated	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	-	-	-	-	-	-
Additions	-	1,720	-	-	-	1,720
Additions through business combination (note 3)	711,259	2,000	551,734	50,000	175,000	1,489,993
Impairment of assets	(711,259)	-	(480,933)	(50,000)	(175,000)	(1,417,192)
Amortisation expense	-	-	(2,950)	-	-	(2,950)
Balance at 30 June 2021	-	3,720	67,851	-	-	71,571

Goodwill recognised prior to impairment expense relates to the acquisition of Goodments Pty Ltd ("Goodments") in April 2021. For the purpose of impairment testing, goodwill is allocated to the consolidated entity's cash-generating units ("CGUs") which represent the lowest level within the Group at which goodwill is monitored by internal management.

Key assumptions

- Compound Annual Growth Rate ('CAGR') of nil.
- Discount rates (pre-tax): 12.8%
- Terminal growth rate: 2%

Based on the key assumptions above, the carrying amount of the Goodments CGU exceeds the recoverable amount of the CGU. Consequently, an impairment expense has been recognised for the entire value of goodwill and other intangibles generated during the Goodments acquisition.

Sensitivity to change in assumptions

The calculation of value in use is most sensitive to the following assumptions:

- Discount rates
- CAGR during the forecast period
- Terminal growth rate used to extrapolate cash flow beyond forecast period

Discount rates - Discount rates represent the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying cash flows expected from CGU being assessed. CGU specific risk is incorporated by applying individual beta factors. The discount rate calculation is based on the specific circumstances of the consolidated entity and its CGU and is derived from the weighted average cost of capital (WACC). The WACC considers both debt and equity. The cost of equity is derived from the expected return on investment by the consolidated entity's investors. Noting that the Group had no debt at 30 June 2021, the cost of debt is based on the capital structure that could be expected from a similar market participant.

Revenue growth - Revenue projections have been constructed with reference to the FY22 budget and four-year forward looking plans.

Terminal growth rate - A terminal growth rate of 2% has been applied for future cash flow growth beyond the four-year forecast period. The terminal value is discounted to present values using the discount rate specific to the CGU.

Note 13. Non-current assets - intangibles (continued)

Accounting policy for intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Management performed an assessment of the recoverable amount of goodwill recognised on the acquisition of Goodments Pty Ltd ('Goodments') during the year (refer note 3). The rapid integration of the Goodments platform into the Douough platform formed one cash generating unit ('CGU') at 30 June 2021, and the forecasted future cash flows of the Douough CGU did not support the carrying value of goodwill at the reporting date.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Software

Software acquired through business combinations were recognised at fair value. Software is amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Note 14. Current liabilities - trade and other payables

	Consolidated	
	2021	2020
	\$	\$
Trade payables	956,166	705,541
Other payables	510,090	-
Accrued expenses	340,334	-
	<u>1,806,590</u>	<u>705,541</u>

Refer to note 22 for further information on financial instruments.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity 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.

Note 15. Current liabilities - contract liabilities

	Consolidated	
	2021	2020
	\$	\$
Contract liabilities	<u>330,000</u>	<u>330,000</u>

Accounting policy for contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Note 16. Current liabilities - employee benefits

	Consolidated	
	2021	2020
	\$	\$
Employee benefit liabilities	<u>160,292</u>	<u>55,283</u>

Accounting policy for short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

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Note 17. Current liabilities - other liabilities

	Consolidated 2021 \$	2020 \$
Other current liabilities	20,414	621,373

Amounts payable to Director - Andrew Taylor relate to reimbursements that are to be repaid during the ordinary course of business.

Other current liabilities in the comparative period comprised of:

- \$250,000 in convertible notes payable. These were made at arm's length and were automatically converted into ordinary shares of the Company by all holders upon the acquisition of Ziptel Limited (refer note 4). These were at an interest rate of 30% per annum with a maturity date of one year from date of issuance.
- \$359,214 in short term loans payable, this was made at arm's length and was repaid in full during the period. This had an interest rate of 14% per annum and a maturity date of less than one year from the commencement date.
- \$12,159 in short term loans payable, this was made at arm's length and was repaid in full during the period. This had an interest rate of 10% per annum and a maturity date of less than one year from the commencement date.

Note 18. Equity - issued capital

	2021 Shares	Consolidated 2020 Shares	2021 \$	2020 \$
Ordinary shares - fully paid	663,320,201	129,784,045	25,198,242	3,104,485

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	129,784,045		3,104,485
Elimination of Dough existing Dough share on acquisition date	17 September 2020	(129,784,045)	\$0.00	-
Existing Company shares at acquisition of Dough	17 September 2020	104,023,356	\$0.00	-
Company shares issued to Dough vendors on acquisition - note 4	17 September 2020	275,000,000	\$0.03	3,120,701
Conversion of convertible notes - note 17	21 September 2020	8,333,333	\$0.03	250,000
Placement of shares	25 September 2020	200,000,000	\$0.03	6,000,000
Issue of shares to advisors, directors and company secretary - note 32	25 September 2020	13,750,000	\$0.03	412,500
Placement of shares	7 December 2020	54,545,455	\$0.22	12,000,000
Exercise of performance rights - note 32	15 April 2021	437,924	\$0.04	17,517
Issue of shares to acquire Goodments Pty Ltd - note 3	16 April 2021	8,203,542	\$0.18	1,498,623
Share buyback	27 April 2021	(973,409)	\$0.17	(169,975)
Share issue costs		-	\$0.00	(1,035,609)
Balance	30 June 2021	663,320,201		25,198,242

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 18. Equity - issued capital (continued)

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2020 Annual Report.

Accounting policy for issued capital

Ordinary shares are classified as equity.

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

Note 19. Equity - reserve

	Consolidated	
	2021	2020
	\$	\$
Foreign currency reserve	40,777	19,210
Share-based payments reserve	669,764	-
	<u>710,541</u>	<u>19,210</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

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Note 19. Equity - reserve (continued)

Movements in reserves

Movements in each class of reserve during the current financial year are set out below:

Consolidated	Foreign currency reserve \$	Share based payments reserve \$	Total \$
Balance at 1 July 2020	19,210	-	19,210
Foreign currency translation	21,567	-	21,567
Share based payments issued to directors, management, company secretary and financial advisors	-	687,281	687,281
Performance rights exercised	-	(17,517)	(17,517)
Balance at 30 June 2021	<u>40,777</u>	<u>669,764</u>	<u>710,541</u>

Note 20. Equity - accumulated losses

	Consolidated	
	2021	2020
	\$	\$
Accumulated losses at the beginning of the financial year	(4,023,402)	(2,723,802)
Loss after income tax expense for the year	<u>(13,487,518)</u>	<u>(1,299,600)</u>
Accumulated losses at the end of the financial year	<u>(17,510,920)</u>	<u>(4,023,402)</u>

Note 21. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 22. Financial instruments

Financial risk management objectives

The consolidated entity'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 consolidated entity's risk management policy focuses on actively securing the consolidated entity's short to medium-term cash flows by minimising the exposure to volatile financial markets. The consolidated entity does not actively engage in the trading of financial assets for speculative purposes, nor does it write options. The most significant financial risks to which the consolidated entity is exposed are described below.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises primarily from transactions within the controlled entity, Douough USA LLC, which is denominated in USD.

Price risk

The consolidated entity is not exposed to any significant price risk.

Note 22. Financial instruments (continued)

Interest rate risk

The consolidated entity is not exposed to any significant interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. 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. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Management have assessed that there is no indication of impairment of the consolidated entity's receivables as at 30 June 2021.

The credit quality of the consolidated entity's neither past due nor impaired financial assets based on their historical experience with the corresponding third parties has been defined as below:

- Grade A: Financial assets that are consistently collected before maturity.
- Grade B: Financial assets that are collected on their due dates, prior to the consolidated entity exerting efforts to follow up.
- Grade C: Financial assets that are collected on their due dates, provided that the consolidated entity has made a persistent effort to collect.

Liquidity risk

Liquidity risk arises from the possibility that the consolidated entity may encounter difficulties in raising funds to meet commitments from financial instruments.

The consolidated entity manages liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the consolidated entity's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal policies.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

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

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Consolidated - 2021						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	956,166	-	-	-	956,166
Other payables	-	510,090	-	-	-	510,090
Total non-derivatives		1,466,256	-	-	-	1,466,256

Note 22. Financial instruments (continued)

Consolidated - 2020	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	705,541	-	-	-	705,541
Other liabilities	-	621,373	-	-	-	621,373
Total non-derivatives		1,326,914	-	-	-	1,326,914

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

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

Note 23. Key management personnel disclosures

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

Securities granted during the period

During the period, no securities were granted as remuneration.

Directors

The following persons were Directors of Dough Limited during the financial year:

Steve Bellotti	Non-Executive Chairman (appointed 18 September 2020)
Andrew Taylor	Managing Director and CEO (appointed 18 September 2020)
Patrick Tuttle	Non-Executive Director (appointed 18 September 2020)
Bert Mondello	Non-Executive Director
Leanne Graham	Non-Executive Director (appointed 1 May 2021)
Joshua Hunt	Non-Executive Director (resigned 17 September 2020)
Salvatore Vallelonga	Non-Executive Director (resigned 17 September 2020)

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Short-term employee benefits	522,816	229,000
Post-employment benefits	21,771	-
Share-based payments	346,500	40,000
	<u>891,087</u>	<u>269,000</u>

Douough Limited
Notes to the consolidated financial statements
30 June 2021

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Sydney, the auditor of the Company, and its network firms:

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
<i>Audit services - RSM Sydney (2020: T.A. Khoury & Co)</i>		
Audit or review of the financial statements	40,000	27,551
<i>Other services - network firms</i>		
Preparation of the tax return	12,968	24,000

Note 25. Contingencies

There were no contingencies as at 30 June 2021 (30 June 2020: none).

Note 26. Related party transactions

Parent entity

Douough Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 28.

Key management personnel

Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the Directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
<i>Payment for other expenses:</i>		
Consulting fees paid to key management personnel	257,049	-
Legal fees paid on behalf of key management personnel	62,098	-

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2021	2020
	\$	\$
<i>Current payables:</i>		
Amounts payable to Director - Andrew Taylor	20,414	-

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Douough Limited
Notes to the consolidated financial statements
30 June 2021

Note 27. Parent entity information

Parent entity information required to be disclosed in accordance with the Corporations Act 2001. The legal parent entity of the Group is Douough Limited (formerly known as ZipTel Ltd), and the results shown below are for the 12 months ended 30 June 2021 and 30 June 2020.

Statement of profit or loss and other comprehensive income

	Parent	Parent
	30 June 2021	30 June 2020
	\$	\$
Loss after income tax	(3,326,401)	(943,961)
Total comprehensive income	(3,326,401)	(943,961)

Statement of financial position

	Parent	Parent
	2021	2020
	\$	\$
Total current assets	350,477	816,532
Total non-current assets	16,938,718	8,139,146
Total assets	17,289,195	8,955,678
Total current liabilities	490,538	306,927
Total liabilities	490,538	306,927
Net assets	16,798,657	8,648,751
Equity		
Issued capital	25,198,241	14,383,698
Share-based payments reserve	669,764	8,000
Accumulated losses	(9,069,348)	(5,742,947)
Total equity	16,798,657	8,648,751

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Douough Limited
Notes to the consolidated financial statements
30 June 2021

Note 28. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2021 %	2020 %
AussieSim Pty Ltd	Australia	100.00%	-
Douough (Australia) Pty Ltd	Australia	100.00%	100.00%
Douough Crypto LLC (incorporated on 3 May 2021)	USA	100.00%	-
Douough Labs Pty Ltd	Australia	100.00%	100.00%
Douough Technologies Pty Ltd	Australia	100.00%	100.00%
Douough USA LLC	USA	100.00%	100.00%
Douough Wealth LLC	USA	100.00%	100.00%
Goodments Pty Ltd	Australia	99.80%	-
Roam Like Home Pty Ltd	Australia	100.00%	-
Zipt Pty Ltd	Australia	100.00%	-
Zipt IP Pty Ltd	Australia	100.00%	-

Note 29. Events after the reporting period

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 30. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Loss after income tax expense for the year	(13,487,518)	(1,299,600)
Adjustments for:		
Depreciation and amortisation	14,931	1,785
Impairment of goodwill and other intangible assets	1,417,192	-
Share-based payments	1,099,781	115,051
Foreign exchange differences	21,567	-
Interest accrued	-	17,983
Corporate restructuring costs	3,001,690	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(225,716)	(277,254)
Decrease in income tax refundable	638,789	-
Increase in trade and other payables	551,236	102,097
Increase in employee benefits	105,009	48,393
Decrease in other non-current liabilities	(198,662)	-
Net cash used in operating activities	<u>(7,061,701)</u>	<u>(1,291,545)</u>

Note 31. Earnings per share

	Consolidated	30 June 2020
	30 June 2021	\$
Loss after income tax attributable to the owners of Douough Limited	(13,487,518)	(1,299,600)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	528,021,160	462,375,696
Weighted average number of ordinary shares used in calculating diluted earnings per share	528,021,160	462,375,696
	Cents	Cents
Basic earnings per share	(2.55)	(0.28)
Diluted earnings per share	(2.55)	(0.28)

Note 32. Share-based payments

During the financial period, the Group has issued the following equity instruments to its directors, management, company secretary and financial advisors.

- 30,000,000 unlisted share options issued with an exercise price of \$0.04, vesting date of 17 August 2020, expiry date 31 July 2024;
- 13,750,000 ordinary shares at issue price of \$0.03;
- 262,755 unlisted share options issued with an exercise price of nil, vesting date of 16 April 2024, expiry date 30 September 2023;
- 437,924 performance rights issued with an exercise price of nil, vesting date of 16 April 2021, expiry date 30 September 2023; and
- 1,313,772 performance rights issued with an exercise price of nil, vesting date of 16 April 2024, expiry date 30 September 2023.

Refer to note 4 for options and performance rights issued pursuant to the reverse acquisition of Douough Technologies Limited.

Set out below are summaries of options granted under the plan:

2021							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
17/08/2020	31/07/2024	\$0.04	-	30,000,000	-	-	30,000,000
16/04/2021	30/09/2023	\$0.00	-	262,755	-	-	262,755
			-	30,262,755	-	-	30,262,755
Weighted average exercise price			\$0.00	\$0.04	\$0.00	\$0.00	\$0.04

The weighted average share price during the financial year was \$0.04.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.08 years.

Note 32. Share-based payments (continued)

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
17/08/2020	31/07/2024	\$0.03	\$0.04	100.00%	-	0.26%	\$0.019
16/04/2021	30/09/2023	\$0.18	\$0.00	224.35%	-	0.10%	\$0.000

Set out below are summaries of performance rights granted during the year:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
16/04/2021	30/09/2023	-	-	1,751,696	(437,924)	-	1,313,772

The weighted average remaining contractual life of performance rights outstanding at the end of the financial period was 2.25 years.

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
16/04/2021	30/09/2023	0.175	-	224.35%	-	0.10%	0.175

Total expense recognised in the profit or loss for the period ended 30 June 2021 amounted to \$1,099,781 (2020: \$nil).

	Consolidated 30 June 2021
Issue of shares to advisors, directors and company secretary - note 18	412,500
Unlisted share options issued on acquisition of ZipTel Ltd - note 19	576,000
Options and performance rights issued to founder of Goodments Pty Ltd - note 19	111,281
	<u>1,099,781</u>

Douough Limited
Directors' declaration
30 June 2021

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the Directors



Steve Bellotti
Chairman

30 September 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Dough Limited

Opinion

We have audited the financial report of Dough Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

Key Audit Matters

Key Audit Matter 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.

Key Audit Matter	How our audit addressed this matter
<u>Business Combination and Reverse Acquisition</u>	
<p>During the year, Dough completed two company acquisitions. Management determined the Goodments acquisition to be a business combination under AASB 3 Business Combinations.</p> <p>The terms of the Ziptel limited transaction are such that it has been accounted for as a reverse acquisition. The terms of the agreements involved the transfer of equity consideration. The purchase price must be allocated between the acquired assets and liabilities, at their respective fair values, with any difference recognised as goodwill on consolidation.</p> <p>We considered these transactions to be a Key Audit Matter because of:</p> <ul style="list-style-type: none"> • The judgments involved in determining whether the transactions are in fact Business Combinations; • The complexity of the of the accounting requirements; and • The material nature of the arising goodwill. 	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • Obtaining the share purchase agreements and other associated documents, and understanding the nature of the transaction to confirm that it met the definition of Business Combinations under AASB 3 rather than being an asset acquisition; • Confirming the identity of the accounting acquirer and acquiree in line with AASB 3; • Tracing the values for the consideration transferred to the signed purchase agreements; • Assessing the accuracy and completeness of the fair values of the identified assets and liabilities acquired; and • Reviewing the adequacy of the relevant disclosures, including the disclosures in respect of judgments made, in the financial statements.
<u>Share-Based Payments</u>	
<p>During the year, the Dough entered into the following share-based payment arrangements:</p> <ul style="list-style-type: none"> • The issue of share options to key management personnel through the set-up of an Employee Share Option Plan; • The issue of performance rights to key management personnel; and • The purchase of Financial advisory services from suppliers through the issue of shares. <p>Management have accounted for these arrangements in accordance with AASB 2 Share-Based Payments.</p> <p>We consider this to be a Key Audit Matter because of:</p> <ul style="list-style-type: none"> • The complexity of the accounting required to value the instruments. • The judgmental nature of inputs into the valuation models, including the likelihood of vesting conditions being met, and the appropriate valuation methodology to apply. • The variety of conditions associated with each instrument. • the non-routine nature of the transactions. • Management engaged a third party as expert for the valuation process. 	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • Making enquiries of management, about the nature of and the rationale behind the instruments issued; • Reviewing the terms and conditions of the instruments issued; • Reviewing management's expert's valuation report, giving due consideration to their independence and capability; • Reviewing the valuation methodology to ensure it is in compliance with AASB 2; • Verifying the mathematical accuracy of the underlying model; • Testing the inputs to the valuation model for reasonableness by: <ul style="list-style-type: none"> ○ Critically evaluating the key assumptions used, considering the grant-date share price, the expected volatility in the share price, the vesting period, and the number of instruments expected to vest; ○ Recalculating the value of the share-based payment expense to be recognised and the reserve balance, for accuracy; and ○ Reviewing the adequacy of the relevant disclosures, including the disclosures in respect of judgments made, in the financial statements.

Impairment of Goodwill and Intangibles

At 30 June 2021, the Group held goodwill with a carrying amount of \$711K. As required under AASB 136, goodwill is tested for impairment at least annually, or when there is an impairment indicator.

As goodwill does not generate cashflows that are largely independent from other assets, its recoverable amount was determined by calculating the recoverable amount of the cash generating unit ("CGU") to which it belongs. This recoverable amount was then compared to the CGU's carrying amount. In this instance, the recoverable amount was determined to be its value in use.

We determined the valuation of goodwill to be a Key Audit Matter because of the materiality of the Goodwill balance, and because of the significant management judgments and assumptions used to determine the value in use of the CGU which contains it.

Namely, the calculation of the recoverable amount of the CGU involves judgements about the future underlying cashflows of the CGU, estimated growth rates for the CGU for the next 5 years as well as in perpetuity, and judgments of an appropriate discount rate to apply to the estimated cashflows. We also note intangible assets amounting to \$706K relating to the same CGU were also impaired during the year.

Our audit procedures included, among others:

- Understanding of management's impairment testing process;
- Assessing the reasonableness of management's determination that goodwill should be allocated to a single CGU in accordance with AASB 136 Impairment of Assets;
- Assessing the valuation methodology used to determine the recoverable amount of the CGU;
- Checking the mathematical accuracy of the cashflow model;
- Evaluating the methods and assumptions used to estimate the recoverable amount of the CGU, by evaluating the discounted cashflow model used, including challenging the reasonableness of the following:
 - Future growth rates;
 - Discount rates; and
 - Terminal value methodology;
- Considering the allocation of any arising impairment to the assets within the CGU in accordance with AASB 136; and
- Reviewing the completeness and accuracy of the disclosures included in the financial report to ensure compliance with Australian Accounting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the 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 Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2021.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7-11 of the directors' report for the year ended 30 June 2021.

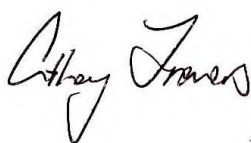
In our opinion, the Remuneration Report of Douugh Limited, for the year ended 30 June 2021 complies with section 300A of the Corporations Act 2001.

Responsibilities

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



RSM Australia Partners



Anthony Travers

Partner

Sydney, NSW

Dated: 30 September 2021

Douough Limited
Shareholder information
30 June 2021

The shareholder information set out below was applicable as at 20 August 2021.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	701	0.03	-	-
1,001 to 5,000	3,369	1.48	-	-
5,001 to 10,000	1,923	2.27	2	0.01
10,001 to 100,000	3,597	18.39	46	1.29
100,001 and over	678	77.83	80	98.70
	<u>10,268</u>	<u>100.00</u>	<u>128</u>	<u>100.00</u>
Holding less than a marketable parcel	<u>4,208</u>	<u>-</u>	<u>-</u>	<u>-</u>

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
THE DIGITAL BAKERY LIMITED	191,676,612	28.90
HUMM GROUP LTD	11,363,636	1.71
TRUE COLOUR ADVERTISEMENT PTY LTD (THE CHEN FAMILY A/C)	11,200,000	1.69
INDOMAIN ENTERPRISES PTY LTD (U C MONDELLO FAMILY A/C)	14,662,541	2.21
MRS SUZANNA POMEROY	9,144,455	1.38
TEFIG PTY LTD (THE AJ ABERCROMBIE S/F A/C)	8,333,333	1.26
CITICORP NOMINEES PTY LIMITED	7,284,057	1.10
PERSHING SECURITIES AUSTRALIA PTY LTD	6,621,577	1.00
MR MARK DAVID TAYLOR	6,276,704	0.95
MR WEI CHEN	5,000,000	0.75
DONNELLY GROUP AUST PTY LTD	4,967,493	0.75
ULTRA ALPHA INVESTMENTS LTD	4,062,618	0.61
NYG PTY LTD (JNH LAW FUND A/C)	3,850,000	0.58
SHELF PTY LTD (THE CRUZ A/C)	3,850,000	0.58
ECCLESTON CORPORATION PTY LIMITED (TAMWORTH A/C)	3,310,788	0.50
MR KRISHNA RAO PAWAR	3,300,000	0.50
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,108,743	0.47
MR RICKY HO	3,020,000	0.46
MR WENSLEY CARROLL (ZIPP 2001 SUPER FUND A/C)	2,963,038	0.45
SUPERHERO NOMINEES PTY LTD	2,694,641	0.41
TOTAL	<u>306,690,236</u>	<u>46.26</u>

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	181,576,527	128

Douough Limited
Shareholder information
30 June 2021

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
THE DIGITAL BAKERY LIMITED	191,676,612	28.90

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.