

Douugh Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Douugh Limited
ABN:	41 108 042 593
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	229% to	481,439
Loss from ordinary activities after tax attributable to the owners of Douugh Limited	down	76% to	(1,442,437)
Loss for the year attributable to the owners of Douugh Limited	down	77% to	(1,441,412)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the consolidated entity after providing for income tax amounted to \$1,442,437 (30 June 2023: \$6,045,462).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(0.06)	0.03

4. Control gained over entities

Not applicable.

5. Loss of control over entities

As part of a restructure of the Group, wholly owned subsidiary Douugh Labs Pty Ltd was placed into liquidation in February 2024. The wind up for this entity is in process.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Significant information relating to the entity's financial performance and financial position

Overview

During the year, the Company's focus has been on finalising the research and development program for its proprietary Douough Platform and scaling up its B2C and B2B instances of this underlying platform. The research and development program was materially completed in Q3 and from there the Company looked to organically grow revenue from its B2B and B2C activities.

Douough seeks to become the primary payment and investing App of choice for gen-z and millennials.

Key developments during the year:

- Launched its merchant gateway product Douough Pay in Q3;
- Launched a B2B model operated under the Stakk brand which improved revenues for the year;
- Minimised its cost structure.

Revenue

In FY2024, Douough delivered total revenue from ordinary activities of \$481,439 (FY2023 \$146,226). Revenue was materially up versus last year driven by the launch of the Douough Pay and its B2B offering Stakk. The Stakk solution proved appealing and accessible to Fintech providers, lenders, banks, credit unions and building societies, mutual funds, and other brands seeking such functions as part of their Embedded Finance strategies. Stakk was complemented by the growth of loan origination activities via the B2C Douough Pay offering. The B2C offering presents a way for Douough to potentially scale via merchant channels with minimal investment in marketing.

The Company anticipates that revenue will build once the full suite of features is available on the platform in Australia.

Explanation of Loss

The Company recorded a loss after tax of 1.4M (FY2023 loss after tax of \$6.1M) from total expenses of \$4.1M. The Company looked to rightsize its cost base resulting in a 67% reduction in employee benefits to \$1.2M (from \$3.5M in FY2023) and a 70% reduction in Direct and operating costs to \$0.4M (from \$1.5M in FY2023). These cost reductions were partially offset by a ramp up in research and development activities as the Company looked to finalise key platform work.

Cash Position

Cash at the end of the year was \$158,133. Cash outflows from financing activities were \$614,339 resulting in a net reduction in cash for the year of \$588,532.

Outlook

Douough Pay allows merchants to offer their customers Douough's unique Stockback™ reward program, with the flexibility of 'Pay Now' or 'Pay Later' features integrated into a seamless checkout experience at point of sale.

Payments are automatically debited from a customer's connected Visa/Mastercard Debit (Wallet) or Line of Credit (Spot), depending on the customer's preference at checkout.

The Douough Pay solution is designed to be open loop, with the goal of appealing to key customer cohorts that will be attracted to grow their money as they spend by earning Stockback™ (Cashback rewards that's invested in a customers chosen managed Portfolio), as well accessing interest-free credit at POS through the click of a button.

Douough is handling end-to-end settlement with the merchant and the customer. Stockback™ rewards will be funded directly by the merchant, with Douough charging a processing fee of ~1.75% + 30c. Douough Pay offers Douough the prospect of scaling with a lower investment in marketing.

This unique value proposition combines banking and investing services to challenge the incumbent monoline financial service providers of debt, credit, investing and rewards offerings in the market today. The Company believes this will be a competitive offering in the market and will initially look to grow its userbase and maintain a low cost base to build towards breakeven and eventually profit. The Company is also assessing bolt-on acquisition opportunities to more effectively exploit its \$7M investment in the Douough Platform.

11. Audit status

The Preliminary Financial Report is based on financial statements that are in the process of being audited. The audit is not yet at a stage where it is possible for the Directors to anticipate whether the independent audit report will be subject to a modified, emphasis of matter or other matter paragraph.

Douough Limited
Appendix 4E
Preliminary final report

12. Attachments

Details of attachments (if any):

The Preliminary Financial Report of Douough Limited for the year ended 30 June 2024 is attached.

13. Signed

Signed  _____

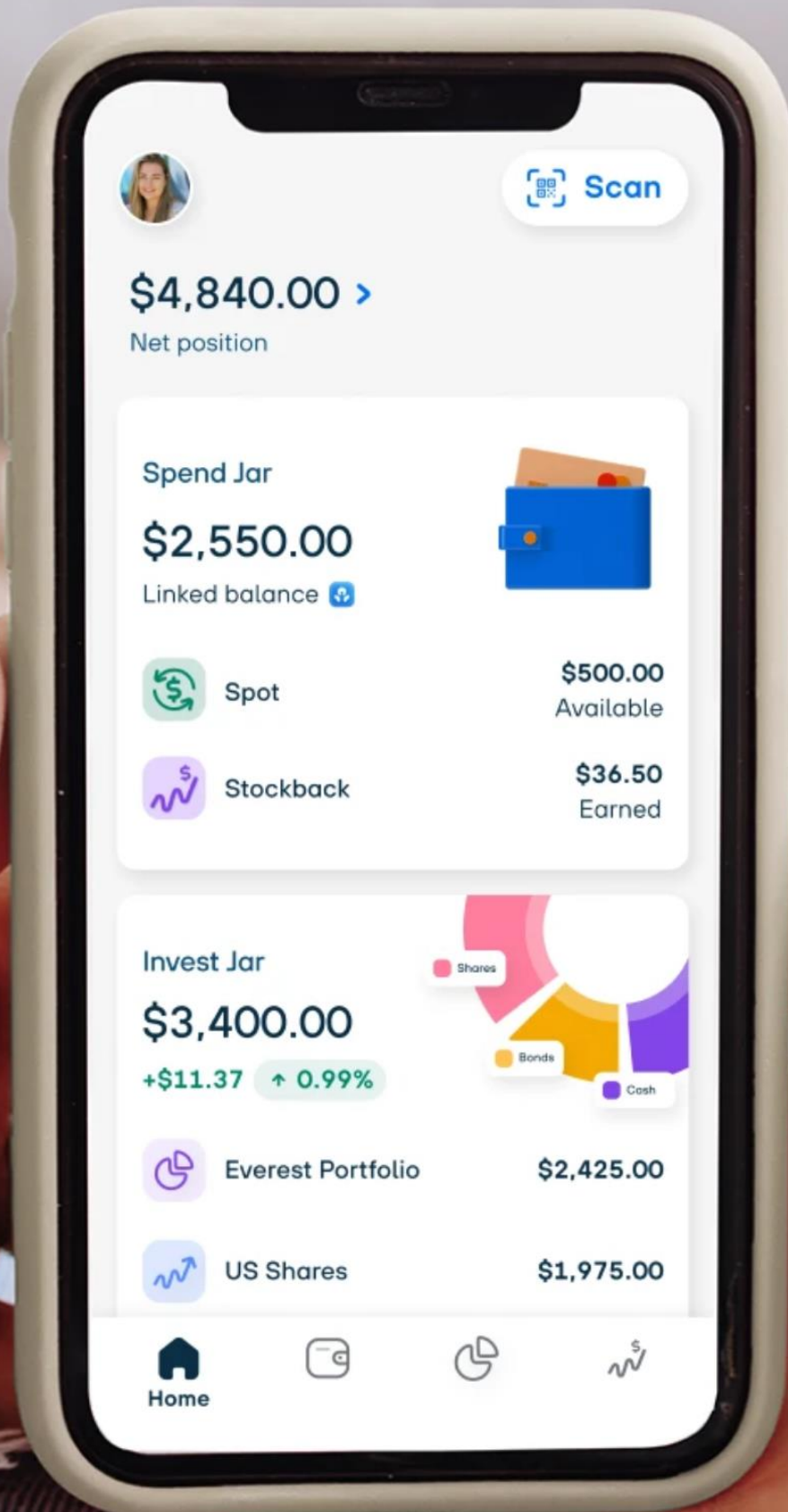
Date: 30 August 2024

Andy Taylor
Managing Director

Douugh

Interim Report

30 August 2024



Douugh Limited
Corporate directory
30 June 2024

Directors	Andrew Taylor (Managing Director, Chairman and CEO) Bert Mondello (Non-Executive Director) Derek Hall (Non-Executive Director)
Company secretary	Derek Hall
Registered office Principal place of business	T3 Level 17/300 Barangaroo Ave, Sydney, NSW 2000 T3 Level 17/300 Barangaroo Ave, Sydney, NSW 2000
Share register	Automic Registry Services Level 5 191 St Georges Terrace Perth WA 6009
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	Douugh Limited shares are listed on the Australian Securities Exchange (ASX code: DOU, DOUO).
Website	https://douugh.com/

Douough Limited
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General information

The preliminary 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.

Douough Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	Consolidated 30 June 2024 \$	30 June 2023 \$
Revenue		481,439	146,226
Other income	3	2,257,009	2,443,306
Expenses			
Share based payments		(146,033)	(1,280,193)
Administrative and operating activities		(714,533)	(1,032,969)
Employee benefits expense		(1,154,792)	(3,506,315)
Research and development costs		(1,383,597)	(959,312)
Depreciation and amortisation expense		(18,290)	(31,655)
Impairment expense		-	-
Direct and other operational costs		(442,678)	(1,481,067)
Corporate restructure costs		-	-
Finance costs		(71,458)	(72,236)
Advertising and marketing		(249,504)	(271,247)
Loss before income tax expense		(1,442,437)	(6,045,462)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of Douough Limited		(1,442,437)	(6,045,462)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		1,025	(244,493)
Other comprehensive income for the year, net of tax		1,025	(244,493)
Total comprehensive income for the year attributable to the owners of Douough Limited		<u>(1,441,412)</u>	<u>(6,289,955)</u>
		Cents	Cents
Basic earnings per share	7	(2.13)	(6.58)
Diluted earnings per share	7	(2.13)	(6.58)

The accompanying notes form part of these preliminary financial statements.

Douough Limited
Consolidated statement of financial position
As at 30 June 2024

	Note	Consolidated 2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents		158,133	746,665
Trade and other receivables	4	1,264,369	1,849,935
Other assets		87,419	86,811
Total current assets		<u>1,509,921</u>	<u>2,683,411</u>
Non-current assets			
Plant and equipment		-	41,826
Intangibles		72,300	72,300
Total non-current assets		<u>72,300</u>	<u>114,126</u>
Total assets		<u>1,582,221</u>	<u>2,797,537</u>
Liabilities			
Current liabilities			
Trade and other payables		1,872,586	791,809
Contract liabilities		-	330,000
Employee benefits		136,271	193,579
Other liabilities		187,323	1,156,830
Total current liabilities		<u>2,196,180</u>	<u>2,472,218</u>
Total liabilities		<u>296,180</u>	<u>2,472,218</u>
Net assets/(liabilities)		<u>(613,959)</u>	<u>325,319</u>
Equity			
Issued capital	6	33,318,843	32,736,540
Reserve		2,694,469	2,773,613
Accumulated losses		(36,627,271)	(35,184,834)
Total equity/(deficiency)		<u>(613,959)</u>	<u>325,319</u>

The accompanying notes form part of these preliminary financial statements.

Douough Limited
Consolidated statement of changes in equity
For the year ended 30 June 2024

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	30,697,856	2,151,099	(29,139,372)	3,709,583
Loss after income tax expense for the year	-	-	(6,045,462)	(6,045,462)
Other comprehensive income for the year, net of tax	-	(244,493)	-	(244,493)
Total comprehensive income for the year	-	(244,493)	(6,045,462)	(6,289,955)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	1,764,920	-	-	1,764,920
Share-based payments	385,080	895,113	-	1,280,193
Transaction costs paid via options issued	(205,695)	66,273	-	(139,422)
Vesting of employee performance rights	94,379	(94,379)	-	-
Transfer from share based payments reserve options exercised	-	-	-	-
Balance at 30 June 2023	<u>32,736,540</u>	<u>2,773,613</u>	<u>(35,184,834)</u>	<u>325,319</u>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	32,736,540	2,773,613	(35,184,834)	325,319
Loss after income tax expense for the year	-	-	(1,442,437)	(1,442,437)
Other comprehensive income for the year, net of tax	-	1,025	-	1,025
Total comprehensive income for the year	-	1,025	(1,442,437)	(1,441,412)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	385,000	-	-	385,000
Share-based payments	226,202	(80,169)	-	146,033
Transaction costs paid	(28,899)	-	-	(28,899)
Transfer from share based payments reserve options exercised	-	-	-	-
Balance at 30 June 2024	<u>33,318,843</u>	<u>2,694,469</u>	<u>(36,627,271)</u>	<u>(613,959)</u>

The accompanying notes form part of these preliminary financial statements.

Douugh Limited
Consolidated statement of cash flows
For the year ended 30 June 2024

	Note	Consolidated 30 June 2024 \$	30 June 2023 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		384,200	160,163
Payments to suppliers and employees (inclusive of GST)		(1,968,629)	(7,540,285)
		(1,584,429)	(7,380,122)
Interest received		32,547	4,345
Government grants received		1,648,215	2,220,369
Interest and other finance costs paid		(70,526)	(23,639)
Income taxes refunded/(paid)		-	-
Net cash used in operating activities		25,807	(5,179,047)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		-	-
Payments for property, plant and equipment		-	(29,205)
Payments for intangibles		-	-
Payments for security deposits		-	-
Cash from acquisition of subsidiary		-	-
Net cash from/(used in) investing activities		-	(29,205)
Cash flows from financing activities			
Proceeds from issue of shares		385,000	1,739,920
Proceeds from borrowings		129,700	1,244,407
Share issue transaction costs		(28,899)	(139,422)
Repayment of borrowings		(1,100,140)	(156,406)
Net cash from financing activities		(614,339)	2,688,499
Net increase/(decrease) in cash and cash equivalents		(588,532)	(2,519,753)
Cash and cash equivalents at the beginning of the financial year		746,665	3,266,418
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the financial year		158,133	746,665

The accompanying notes form part of these preliminary financial statements.

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.

Basis of preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. This report is to be read in conjunction with any public announcements made by Douough Limited during the reporting period in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the Australian Securities Exchange Listing Rules.

The preliminary financial statements of Douough Limited comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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.

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 \$1,442,437 and had net cash inflows from operating activities of \$25,807 during the year ended 30 June 2024. As of that date, the Consolidated Entity had net liabilities of \$613,959.

Notwithstanding the above, 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 \$158,133 as at 30 June 2024;
- An equity facility agreement of up to \$20M available on call subject to placement capacity rules provides sufficient access to funding as required;
- Proven track record of management in raising debt or equity;
- Research and development tax incentives estimated to be received is approximately \$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.

Note 2. 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 operation and development of a financial wellness focused mobile app.

Note 3. Other income

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Government grant R&D	1,016,145	1,648,215
Gain on de-consolidation of subsidiary	1,208,317	-
Other Government subsidies	-	-
Interest income	32,547	61,696
Other income	-	733,395
	<hr/>	<hr/>
Other income	2,257,009	2,443,306
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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.

Gain on deconsolidation of subsidiary

On 29th February 2024, liquidator has been appointed for Douough Labs Pty Ltd. As a result, Douough Limited no longer holds controlling interest in its subsidiary, Douough Labs Pty Ltd and thereby deconsolidated from the Company's consolidated financial statements. The Company recognized a gain on deconsolidation amounting to \$1,208,317 in the consolidated statement of profit or loss for the year ended 30th June 2024. The components of the gain on deconsolidation are as follows:

	30 June 2024
	\$
Carrying amount of net assets deconsolidated	24,091,673
Impairment of receivables from subsidiary	(22,783,356)
Impairment of investment to subsidiary	(100,000)
	<hr/>
Gain on deconsolidation of subsidiary	1,208,317
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Note 4. Current assets – trade and other receivables

	Consolidated	
	2024	2023
	\$	\$
Trade receivables	52,964	-
Other receivables	195,260	201,720
Income tax refund due	1,016,145	1,648,215
	<u>1,264,639</u>	<u>1,849,935</u>

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 2024 (30 June 2023: 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 5. Contingencies

There were no contingencies as at 30 June 2024 (30 June 2023: none).

Note 6. Equity – issued capital

	2024 Shares	Consolidated 2023 Shares	2024 \$	2023 \$
Ordinary shares – fully paid	<u>1,082,068,920</u>	<u>983,898,367</u>	<u>33,318,843</u>	<u>32,736,540</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2023	983,898,367		32,736,540
Issue of shares due to SPP capital raising	4 August 2023	73,076,896	\$0.0065	475,000
Share issue costs				(28,899)
Issue of shares in lieu of accrued salaries	13 October 2023	10,733,657	\$0.006	64,402
Issue of shares for services rendered	11 December 2023	1,360,000	\$0.005	6,800
Issue of shares in lieu of accrued salaries	11 December 2023	<u>13,000,000</u>	<u>\$0.005</u>	<u>65,000</u>
Balance	30 June 2024	<u>1,082,068,920</u>		<u>33,318,843</u>

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.

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 2023 Annual Report.

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.

Douugh Limited
Notes to the consolidated financial statements
30 June 2024

Note 7. Earnings per share

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Loss after income tax attributable to the owners of Douugh Limited	<u>(1,442,437)</u>	<u>(6,045,462)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,066,266,862</u>	<u>918,952,877</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,066,266,862</u>	<u>918,952,877</u>
	Cents	Cents
Basic earnings per share	(2.13)	(6.58)
Diluted earnings per share	(2.13)	(6.58)