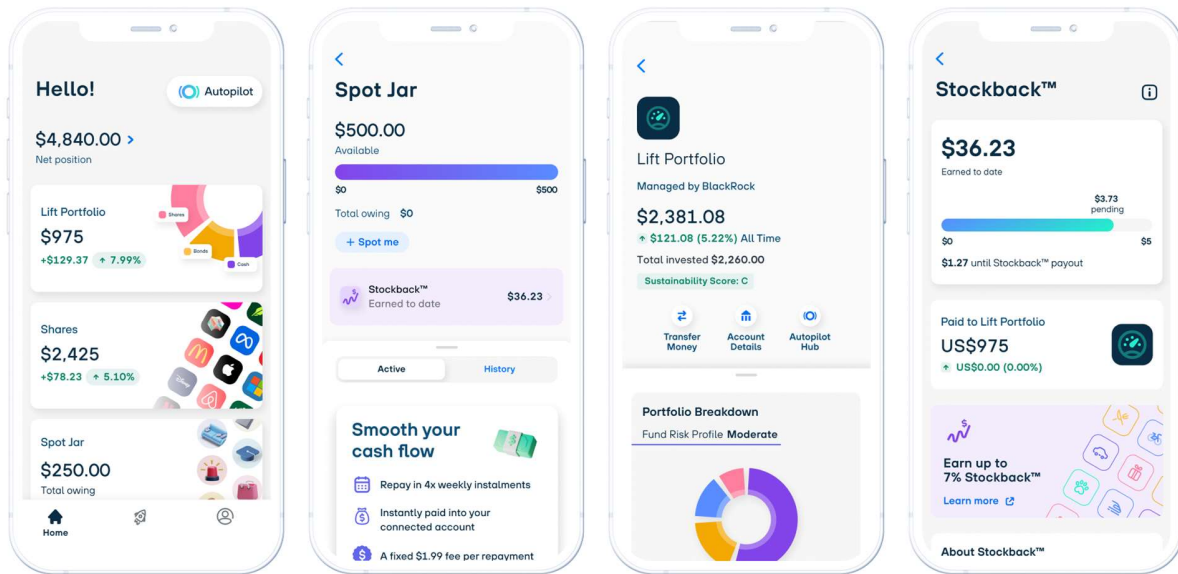


FY23 Interim Financial Report

Sydney, 31 August 2023 – [Dough](#) Ltd (ASX: DOU), the award winning consumer fintech on a mission to empower everyday Aussies to take control of their money and build long-term wealth on autopilot, is pleased to present its FY23 Interim Financial Report.



The Company experienced a number of headwinds in FY23. The change in the macroeconomic environment, triggered from aggressive rate rises and the subsequent weakening of the AUD against the USD, materially impacted Dough’s ability to operate and access the required growth capital to build on its early momentum shown in the U.S market, resulting in the Company making the difficult decision to exit the market to focus on launching in its home market of Australia.

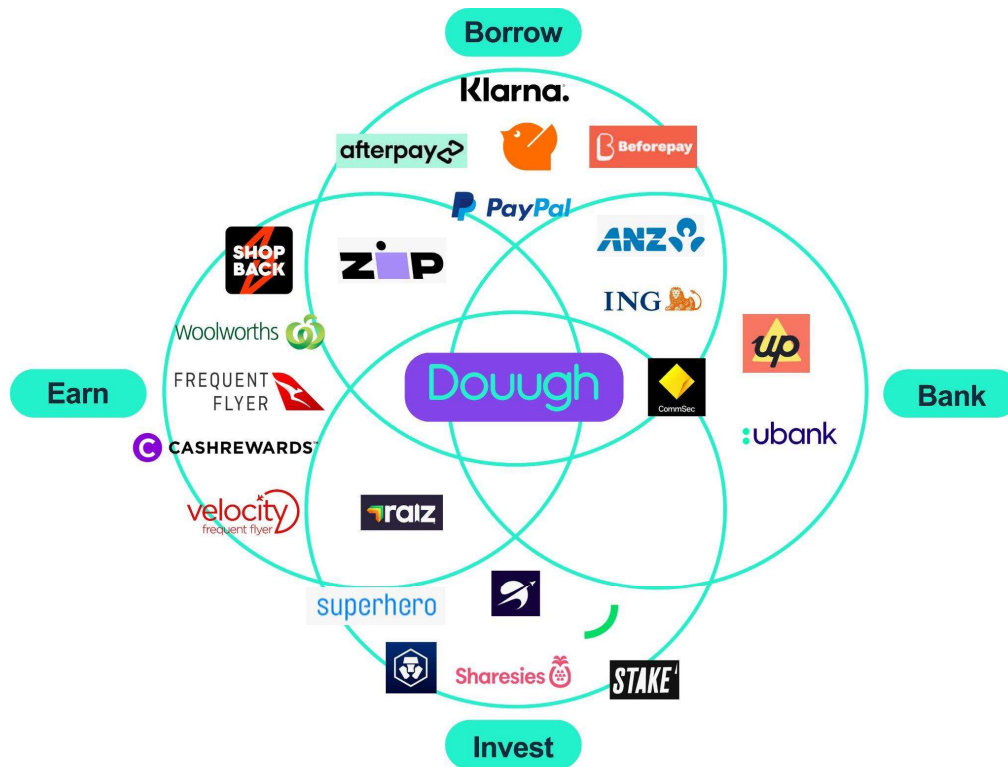
Ontop of this, Dough’s Australian embedded finance provider announced it was shutting down its Australian operations due to Volt Bank ceasing its banking operations. This meant that the Company could not launch its banking services in Q1, forcing a pivot of its go-to-market plan to roll out in phases which caused a significant delay in the business being able to generate revenue and invest further to integrate into new providers.

However, the Company was able to take the time to conduct additional market research to improve the overall customer value proposition to take to market, which resulted in the creation of Dough’s unique Stockback™ rewards PNPL offering, which is now being rolled out and commercialised through public access to the ‘Pay Later’ Spot Jar feature. This allows customers to trigger an instant cash advance of up to \$500 to a connected account to help smooth their cashflow and earn Stockback™ rewards. Repayments are made via 4x weekly instalments at a fixed cost of \$1.99 per repayment.

Stockback™ is Dough’s proprietary rewards offering, designed to become the growth catalyst for the acceleration of Dough’s flywheel. Customers earn ‘free money’ as they spend and become investors.

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Establishing good money behaviours, thereby encouraging them to commit to a recurring investment using their own money, which Dough monetises through a monthly subscription and FX fees.



Dough is aiming to challenge existing monoline providers of financial services by offering a new generation of customers access to a single banking & investing App to help them manage and grow their money.

The launch of our 'Pay Now' Spend Jar (Card & Account) feature will occur following the completion of Beta testing and obtaining the necessary regulatory and issuer approvals.

Commenting on the Company's announcement, Dough's Founder & CEO **Andy Taylor** said:

"It's been a very challenging year for Dough but we are relieved to have been able to end it with the soft launch announcement of our new Pay Now or Pay Later (PNPL) Stockback™ rewards proposition in June to complement the integrated share trading functionality.

Our recent [Wealth Health Report](#) revealed 9 in 10 worry about their financial situation, with more than 1 in 4 saying they're not confident about achieving their savings goals. Additionally, while 86% agree building long term wealth is important, the biggest barriers are the rising cost of living (67%), followed by a lack of savings, unexpected expenses, and living paycheck to paycheck (each 37%).

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As previously stated, we believe that Stockback™ will become the critical catalyst to deliver a viral growth coefficient that will allow us to reduce reliance on paid marketing activities. Supported by our Merchant channel partners adopting our Dough Pay gateway product, which we hope to start onboarding in Q2FY24, following the launch of the Spend Jar feature.

The key message I want to stress to shareholders is that the heavy investment into R&D on the platform is now complete. We have taken immediate steps to further reduce our overheads to be able to focus exclusively on securing product market fit, growing customers and revenue in FY24."

–End–

About Dough

[Dough](#) is an Australian fintech company committed to helping Aussies build long-term wealth through its innovative money management platform. Led by Founder & CEO Andy Taylor, Dough offers a user-friendly interface, personalised investment options, and comprehensive educational resources to empower customers in their financial journeys. By constantly seeking new ways to innovate and improve, Dough is revolutionising the banking and investment landscape in Australia.

For more information contact:

Investor

info@dough.com

Media

press@dough.com

ASX Release approved by the Board.

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Dough Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Dough Limited
ABN:	41 108 042 593
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	75% to	146,226
Loss from ordinary activities after tax attributable to the owners of Dough Limited	down	48% to	(6,045,462)
Loss for the year attributable to the owners of Dough Limited	down	46% to	(6,289,955)

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 \$6,045,462 (30 June 2022: \$11,628,452).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.03</u>	<u>0.43</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

On 25th April 2023, Dough USA LLC underwent a formal dissolution in the US, resulting to a gain on write-off of debts. Management believes that this income is non-recurring and does not reflect the ongoing operational performance of the business.

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.

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

Overview

During the year, the Company's focus has been on delivering its reimagined card, account and loan product into the Australian market, completing its full suite money management offering. This would follow on from the official launch in February 2023 of the app-based platform with its foundation micro-investing service.

Key developments during the year:

- Launched its app in Australia;
- Migrated Goodments customers across to the new Douough app;
- Implemented a Member-Get-Member (MGM) feature to help accelerate customer acquisition at low cost;
- Wound down its US operations to focus resources on Australian operations.

Revenue

In FY2023, Douough delivered total revenue from ordinary activities of \$146,226 (FY2022 \$588,364). Revenue was materially down versus last year as the Company wound down its operations in the US and launched in Australia more than halfway through the financial year with minimal marketing support. Last year's revenue was materially generated from users of the platform in the US. The Company also generated \$2.4M in other income, of which \$1.65M was R&D tax incentive credits. This was lower than the \$3.48M in R&D tax incentive credits received in the prior period as the Company largely completed its feature pipeline.

The Company pivoted its resource focus away from the US to concentrate on operations in Australia. Marketing activities in the US were ceased and minimal budget has been applied to the Australian platform prior to the launch of the card, account and loan product offering.

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 \$6.0M (FY2022 loss after tax of \$11.6M) from total expenses of \$8.6M. The Company substantially reduced its costs in particular marketing down 94% to \$271k (from \$4.4M in FY2022). This reflects the Company exiting the US market which is comparatively expensive for marketing activities and not ramping up these activities in Australia to date. The Company also looked to rightsize its cost base resulting in a 33% reduction in employee benefits to \$3.5M (from \$5.2M in FY2022) and a 41% reduction in Direct and operating costs to \$1.5M (from \$2.5M in FY2022). This resulted in a decreased loss position versus last year.

Cash Position

Cash at the end of the year was \$746,665. Cash outflows from operating activities were \$5.3M resulting in a net reduction in cash for the year of \$2.5M.

Outlook

Douough is diligently working towards the official launch of the card component of its platform, the Pay Now or Pay Later (PNPL) Stockback™ rewards Mastercard. For the first time through a single card offering, customers can earn up to 7% Stockback™ on everyday spend. Cashback rewards that are automatically invested into their chosen managed Portfolio on the Douough platform.

The Pay Now option allows customers to spend funds from their Douough transaction account. Customers can also choose to Pay Later by having Douough 'Spot' them funds to smooth their cash flow, splitting purchases into 4x weekly instalments for a flat \$1.25 fee per repayment, with no interest or hidden fees.

The Pay Later Spot feature will quickly be expanded to help customers fund bigger purchases over a longer period of time. These micro loans are funded off balance sheet and issued by a third party lender, allowing Douough to maintain its 'capital-lite' operation.

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.

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.

Dough Limited
Appendix 4E
Preliminary final report

12. Attachments

Details of attachments (if any):

The Preliminary Financial Report of Dough Limited for the year ended 30 June 2023 is attached.

13. Signed



Signed _____

Date: 31 August 2023

Andy Taylor
Chairman

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Interim



Report

31 August 2023

Douough Limited
Corporate directory
30 June 2023

Directors	Andrew Taylor (Managing Director, Chairman and CEO) Bert Mondello (Non-Executive Director) Derek Hall (Non-Executive Director) – appointed 30 November 2022
Company secretary	Derek Hall
Registered office Principal place of business	Level 5, 24 Campbell St, Haymarket, NSW 2000 Level 5, 24 Campbell St, Haymarket, NSW 2000
Share register	Advanced Share Registry Services 110 Stirling Highway Nedlands 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	Douough Limited shares are listed on the Australian Securities Exchange (ASX code: DOU, DOUO).
Website	https://douough.com/

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Douough Limited
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30 June 2023

Preliminary consolidated statement of profit or loss and other comprehensive income	4
Preliminary consolidated statement of financial position	5
Preliminary consolidated statement of changes in equity	6
Preliminary consolidated statement of cash flows	7
Notes to the preliminary consolidated financial statements	8

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.

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Douough Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated	
		30 June 2023	30 June 2022
		\$	\$
Revenue		146,226	588,364
Other income	3	2,443,306	3,903,887
Expenses			
Share based payments		(1,280,193)	(1,478,905)
Administrative and operating activities		(1,032,969)	(1,505,347)
Employee benefits expense		(3,506,315)	(5,195,538)
Research and development costs		(959,312)	(975,062)
Depreciation and amortisation expense		(31,655)	(25,175)
Impairment expense		-	-
Direct and other operational costs		(1,481,067)	(2,526,062)
Corporate restructure costs		-	-
Finance costs		(72,236)	(5,106)
Advertising and marketing		(271,247)	(4,409,508)
Loss before income tax expense		(6,045,462)	(11,628,452)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of Douough Limited		(6,045,462)	(11,628,452)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(244,493)	15,774
Other comprehensive income for the year, net of tax		(244,493)	15,774
Total comprehensive income for the year attributable to the owners of Douough Limited		<u>(6,289,955)</u>	<u>(11,612,678)</u>
		Cents	Cents
Basic earnings per share	7	(6.58)	(1.59)
Diluted earnings per share	7	(6.58)	(1.59)

The accompanying notes form part of these preliminary financial statements.

Douough Limited
Consolidated statement of financial position
As at 30 June 2023

	Note	Consolidated	
		2023	2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		746,665	3,266,418
Trade and other receivables	4	1,849,935	2,385,924
Other assets		86,811	100,483
Total current assets		<u>2,683,411</u>	<u>5,752,825</u>
Non-current assets			
Plant and equipment		41,826	44,317
Intangibles		72,300	72,300
Total non-current assets		<u>114,126</u>	<u>116,617</u>
Total assets		<u>2,797,537</u>	<u>5,869,442</u>
Liabilities			
Current liabilities			
Trade and other payables		791,809	1,281,204
Contract liabilities		330,000	330,000
Employee benefits		193,579	521,379
Other liabilities		1,156,830	27,276
Total current liabilities		<u>2,472,218</u>	<u>2,159,859</u>
Total liabilities		<u>2,472,218</u>	<u>2,159,859</u>
Net assets		<u>325,319</u>	<u>3,709,583</u>
Equity			
Issued capital	6	32,736,540	30,697,856
Reserve		2,773,613	2,151,099
Accumulated losses		(35,184,834)	(29,139,372)
Total equity		<u>325,319</u>	<u>3,709,583</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 2023

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	25,198,242	710,541	(17,510,920)	8,397,863
Loss after income tax expense for the year	-	-	(11,628,452)	(11,628,452)
Other comprehensive income for the year, net of tax	-	15,774	-	15,774
Total comprehensive income for the year	-	15,774	(11,628,452)	(11,612,678)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	5,445,493	-	-	5,445,493
Share-based payments	150,000	1,328,905	-	1,478,905
Transaction costs paid via options issued	(866,593)	866,593	-	-
Vesting of employee performance rights	77,785	(77,785)	-	-
Transfer from share based payments reserve options exercised	692,929	(692,929)	-	-
Balance at 30 June 2022	<u>30,697,856</u>	<u>2,151,099</u>	<u>(29,139,372)</u>	<u>3,709,583</u>

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	(205,695)	66,273	-	(139,422)
Vesting of employee performance rights	94,379	(94,379)	-	-
Balance at 30 June 2023	<u>32,736,540</u>	<u>2,773,613</u>	<u>(35,184,834)</u>	<u>325,319</u>

The accompanying notes form part of these preliminary financial statements.

Douough Limited
Consolidated statement of cash flows
For the year ended 30 June 2023

	Note	Consolidated 30 June 2023 \$	30 June 2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		160,163	641,735
Payments to suppliers and employees (inclusive of GST)		(7,725,365)	(14,734,448)
		(7,565,202)	(14,092,713)
Interest received		4,345	1,570
Government grants received		2,220,369	1,681,948
Interest and other finance costs paid		(23,639)	(5,106)
Income taxes refunded/(paid)		-	-
Net cash used in operating activities		(5,364,127)	(12,414,301)
Cash flows from investing activities			
Payments for property, plant and equipment		(29,205)	(16,134)
Payments for intangibles		-	(729)
Payments for security deposits		-	(63,292)
Net cash used in investing activities		(29,205)	(80,155)
Cash flows from financing activities			
Proceeds from issue of shares		1,925,000	6,435,868
Proceeds from borrowings		1,244,407	-
Share issue transaction costs		(139,422)	(1,000,217)
Repayment of borrowings		(156,406)	-
Net cash from financing activities		2,873,579	5,435,651
Net decrease in cash and cash equivalents		(2,519,753)	(7,058,805)
Cash and cash equivalents at the beginning of the financial year		3,266,418	10,325,223
Cash and cash equivalents at the end of the financial year		746,665	3,266,418

The accompanying notes form part of these preliminary financial statements.

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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 Dough 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 Dough 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 \$6,045,462 and had net cash outflows from operating activities of \$5,364,127 during the year ended 30 June 2023. As of that date, the Consolidated Entity had net assets of \$325,319.

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 \$746,665 as at 30 June 2023;
- An equity facility agreement of up to \$20M available on call subject to placement capacity rules provides sufficient access to funding as required;
- Research and development tax incentives estimated to be received of approximately \$1.6M.

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 2023	30 June 2022
	\$	\$
Government grant R&D	1,648,215	3,482,956
Other Government subsidies	-	288,349
Interest income	61,696	1,570
Other income	733,395	131,012
	<u>2,443,306</u>	<u>3,903,887</u>

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

During the reporting period, the Group recognized Other Income amounting to \$733,395 arising from corporate restructuring. This restructuring involved strategic changes to the Group's operations. On 25th April 2023, Douough USA LLC underwent a formal dissolution, resulting to a gain on write-off of debts. The management believes that this income is non-recurring and does not reflect the ongoing operational performance of the business.

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.

Note 4. Current assets – trade and other receivables

	Consolidated	
	2023	2022
	\$	\$
Trade receivables	-	-
Other receivables	201,720	165,555
Income tax refund due	1,648,215	2,220,369
	<u>1,849,935</u>	<u>2,385,924</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 2023 (30 June 2022: 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 2023 (30 June 2022: none).

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Note 6. Equity - issued capital

	2023 Shares	Consolidated 2022 Shares	2023 \$	2022 \$
Ordinary shares - fully paid	983,898,367	843,020,209	32,736,540	30,697,856

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	843,020,209		30,697,856
Vesting of employee performance rights	14 October 2022	4,494,229	\$0.021	94,379
Issue of shares due to capital raising	14 December 2022	118,750,000	\$0.016	1,900,000
Share issue costs	14 December 2022	-	-	(114,000)
Issue of shares in lieu of accrued salaries	23 December 2022	16,071,429	\$0.014	225,000
Director placement participation	16 March 2023	1,562,500	\$0.016	25,000
Share issue costs	16 March 2023	-	-	(91,695)
Balance	30 June 2023	983,898,367		32,736,540

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 2022 Annual Report.

Douogh Limited
Notes to the consolidated financial statements
30 June 2023

Note 6. Equity - issued capital (continued)

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 7. Earnings per share

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Loss after income tax attributable to the owners of Douogh Limited	<u>(6,045,462)</u>	<u>(11,628,452)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>918,952,877</u>	<u>732,348,980</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>918,952,877</u>	<u>732,348,980</u>
	Cents	Cents
Basic earnings per share	(6.58)	(1.59)
Diluted earnings per share	(6.58)	(1.59)

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