

Financial wellness at its core

Dough Ltd (ASX:DOU) is a purpose-led fintech operating in the US and on a mission to help millennial and gen-z customers autonomously manage and grow their money to live financially healthier lives. Dough was founded by Andy Taylor, Co-founder of SocietyOne, Australia's first and leading P2P lending platform. Dough is developing a 'responsible' financial super app, with integrated retail banking and wealth management services packaged to deliver an AI-powered way for customers to manage their "financial wellness" and achieve their long-term money goals. The company was established in July 2017 with the aim of using proprietary software to deliver a service to retail customers via a SaaS model. DOU listed via a reverse takeover of ZipTel (ASX:ZIP) on 5th October 2020 raising \$6m prior to the launch of its mobile app in the US. A further \$12m was raised via a placement in December 2020. The company operates using a "Banking as a Service" partnership model which allows DOU to avoid the capital needs and cost structure of a bank. Dough delivers the customer-friendly transactional and distributional features which more traditional banking and wealth providers have found difficult to implement within legacy systems and processes.

Business model

Dough launched its mobile app the US market in November 2020. Customers are aided in growing savings and wealth via a "smart" bank account and a Mastercard debit card offering. Under Dough's SaaS model, consumers allow their banking data to be collected and analysed via the Dough mobile App. The Dough App applies proprietary software technology to analyse the historical banking data of a consumer which then results in tailored ongoing financial coaching, mentoring and guidance to the consumer. It provides customers with automated money management, spending, saving and investing features. Major back-end service partners include Mastercard, Choice Bank and DriveWealth. The company also recently completed the acquisition of Goodments in Australia, a leading investing app for millennials offering brokerage-free fractional sharing trading in US securities. Longer-term DOU aims to expand its smart banking app into additional international markets, starting in Australia. Revenue is generated from a monthly subscription fee, interchange on debit card expenditure, and ancillary bank fees. The revenue model will be expanded over time as it introduces new features and moves to a platform business model fostering an ecosystem of partners.

Q4 sets the scene for growth

Dough has moved quickly in FY21 forming partnerships (OFX (ASX: OFX) in FX services, Stripe for bank account funding, Fiserv for ATM access) and launching new features. The company is still in the early stages of market penetration in the US.

DOU is in the early stages of market penetration in the US

Directly comparable companies include new entrants to the US banking industry such as Chime, Varo, Revolut, N26, Digit, Acorns, MoneyLion and Betterment. In Australia, key fintech competitors are Up, Revolut, Xinja, Volt, 86400, Raiz Invest (ASX:RZI), Superhero and Spaceship. We include SelfWealth (ASX:SWF) in the mix due to the way in which it targets retail investors for its wealth management solutions and Wisr (ASX:WZR) which is focused on financial wellness for its customers. Dough also competes for customers with Australia's big four banks (ANZ, CBA, NAB and Westpac).

Historical earnings and ratios (A\$m)

Year	Total Revenue	EBITDA Adj.*	EBITDA Rep.	NPAT Adj.*	NPAT Rep.	EPS Rep.
06/20a	1.42	(1.11)	(1.11)	(1.30)	(1.30)	(0.28)
06/21a	0.34	(7.83)	(10.35)	(7.95)	(13.47)	(2.55)

Source: Company data EBITDA and NPAT Adj for one-time items and non-cash items

10th September 2021

Share details

ASX Code	DOU
Share price	\$0.091
Market Capitalisation	\$55.5M
Shares on issue	601.1M
Net cash at 30/06/2021	\$10.3M
Free float	56.3%

Share performance (12 months)



Upside Case

- Continuing strong uptake of app
- Deposit and account growth maintains trend
- New features accelerate growth

Downside Case

- Share market weakness undermines acceptance
- Regulatory and complexity issues
- Incumbent bank fightback is effective

Catalysts/upcoming events

- Q1 2022 October 2021
- AGM November 2021
- Interim results FY22 February 2022

Comparable companies (Aust/NZ)

Raiz Invest (ASX:RZI); SelfWealth (ASX: SWF), Wisr (ASX:WZR)

Top 5 shareholders

The Digital Bakery Ltd	31.89%
Indomain Enterprises	1.80%
Suzanna Pomeroy.	1.52%
Tefig P/L	1.39%
Ligurian Holdings	1.17%

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FINANCIAL SERVICES GUIDE

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- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

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Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

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