

## Douugh and Humm partner to launch interest-free BNPL offering; raises \$12m in capital

- *Douugh to launch a BNPL anywhere offering in the U.S in partnership with Humm Group Limited (ASX: HUM, previously Flexigroup Limited)*
- *The BNPL offering will be available through the Douugh App and is expected to drive new customers in conjunction with the Company's existing marketing activities*
- *The BNPL offering is also expected to increase the average revenue per customer*
- *Douugh customers would initially be able to borrow up to \$1,000 and repay in 6 automatic weekly instalments*
- *Placement of \$12m to accelerate customer acquisition strategies post Douugh App launch*
- *Includes \$2.5m strategic investment from Humm Ventures into Douugh*

1 December, 2020 (Sydney | New York) Douugh Limited (ASX: DOU) (the **Company** or **Douugh**) is pleased to announce that it is entering into a strategic JV partnership with ~\$600 million ASX listed Company Humm Group Limited (ASX: HUM) (**Humm**) (previously Flexigroup Limited (ASX: FXL), to launch an integrated interest-free 'buy now, pay later' (BNPL) feature in the U.S market (and any other international markets in which the parties choose to operate, including Australia).

Douugh Founder and CEO Andy Taylor said the company's data clearly showed the need for a responsible, interest-free credit feature to help customers consolidate credit card debt and smooth out cash-flow.

Douugh proposes to offer a credit limit of up to \$1,000 to eligible customers through a dedicated 'Credit Jar' on its platform and virtual Mastercard, allowing customers to meet urgent expenses and pay back over 6 automatic weekly instalments.

"Credit Jar is very different to traditional point-of-sale BNPL offerings and represents a step change in the model, because we are treating it as a credit product, which is what we strongly believe it should be," he said. "Our solution will actually help boost a customer's credit score when repaid on time, and will only be made available to people who can easily service it as part of their everyday budget via our responsible lending criteria. It will also be able to be used anywhere that Mastercard is accepted. We believe this additional feature has the potential to really drive new customer acquisition to the Douugh App.

In Humm, we believe we have found a partner who not only invented the BNPL category, but has ambition to further innovate and build the future of consumer credit on the international stage."

Humm CEO Rebecca James said: "Through our proposed joint venture with Douugh, we are taking our first steps into the United States as a company. At the same time, we are demonstrating how Humm Ventures can create innovative and novel ways to take Humm's world class technology and capabilities and expand its relevance and distribution. As Australasia's bigger buy now pay later partners with America's newest Neobank, we are proving that we can take what we have learned locally and apply it on the global stage, disrupting the payments industry and providing better customer experiences across the world."

The Company is also pleased to announce that it has received firm commitments from institutional and sophisticated investors for a Placement of \$12 million through the issue of circa 54.5 million fully paid ordinary shares (Shares) at an issue price of 22c per Share (Placement).

Canaccord Genuity Acted as Sole Lead Manager to the Placement and has been conducted using the Company's current Listing Rule 7.1 placement capacity. The Shares from the Placement are expected to be quoted on ASX on Monday, 7 December 2020.

Humm is a cornerstone investor in the Placement, subscribing for \$2.5 million worth of Shares through its newly formed partnership division, Humm Ventures.

Dough and Humm have signed a non-binding Memorandum of Understanding (MOU). The JV is conditional on a number of customary conditions being met.

Dough will be responsible for:

- technology;
- marketing;
- credit decisioning and AI synthesis;
- customer service; and
- automated collections (0-30 days)

Humm will be responsible for:

- credit scorecard variables and acceptance criteria;
- providing warehouse funding;
- BNPL technology platform;
- credit losses; and
- collections (30 days+)

The Company notes that the proposed integrated BNPL anywhere offering is consistent with disclosures made to investors in Dough's Prospectus where it was stated:

- that the Company would seek to expand into offering instalment loans on its platform in the medium term; and
- Over the next 12 months, Dough plans to introduce a variety of feature updates before introducing a monthly subscription fee, launching an automated money management assistant called Autopilot and new managed investment portfolios called Wealth Jars. Dough's focus will be solely on the growth of its customer base and monthly recurring revenue.

### Use of Funds

The Placement is not required to enable the Company to meet its objectives as stated in the re-compliance prospectus dated 12 August 2020 (**Prospectus**), but rather to accelerate Dough's business plan outlined in the Prospectus via additional investment in research and development, marketing and growth.

The funds raised under the Placement will be applied as follows (supplementing the funds raised for the purposes below under the Prospectus):

Item	\$12,000,000 Placement
Research and development <sup>1</sup>	\$3,030,000
Marketing/ growth hacking <sup>2</sup>	\$7,200,000
Expenses of the Placement	\$570,000
Additional working capital and administrative expenses	\$1,200,000
<b>TOTAL</b>	<b>\$12,000,000</b>

#### Notes:

1. Research and development to accelerate the Company's product development roadmap to launch new services such as Autopilot, wealth management, BNPL and rewards in the United States of America. And the launch of its service in Australia.
2. Marketing activities to increase the level of customer acquisition originally planned across key digital channels such as Google, YouTube, Facebook and Instagram.

The above table is a statement of current intentions as at the date of this announcement. Intervening events may alter the way funds raised by the Placement are ultimately applied by the Company.

The MOU will commence immediately and has no set term. The parties have begun work to enter into a further agreement which will include the breakdown of revenue between the parties. Although the financial impact of this agreement is not determinable at this time, with direct revenue subject to the successful launch of the BNPL product, this agreement is anticipated to be material for the Company. This view is based on the potential of the BNPL product in the U.S. market, supported of Humm.

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#### About Douugh

Douugh is a purpose-led fintech and next-gen neobank, taking a proprietary artificial intelligence (AI) first approach to disrupting the business model of banking, to help customers better manage their money and live financially healthier. Douugh's vision is to become a fully autonomous, subscription based financial control centre operating as a platform, not taking on the balance sheet risk of becoming a bank.

*ASX release authorised by the CEO on behalf of the Board.*

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