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Douugh

29 January 2021

Douugh Quarterly Review Q2 FY2021

- *AI-powered banking and wealth management platform successfully launched in the U.S.*
- *Fostering financial wellness - helping customers spend smarter, save more and build wealth*
- *Douugh enters strategic JV partnership to launch a BNPL anywhere offering in the U.S.*
- *The BNPL offering expected to increase the average revenue per customer*
- *Placement raising of $12 Million completed including Humm Ventures taking up a $2.5 Million strategic cornerstone investment*
- *Placement bolsters Douugh's already strong balance sheet, finishing the 2020 calendar year with more than $16 Million cash at bank*

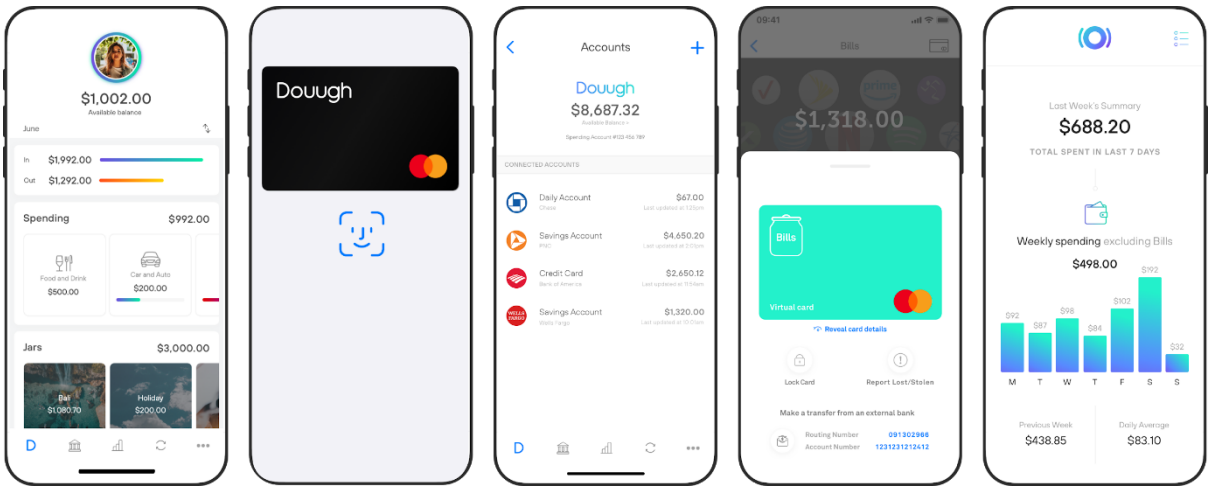
Subsequent to Quarter end:

- *Douugh agrees to acquire millennial investing fintech Goodments, to fast-track the introduction of its integrated wealth management service and monthly subscription in the U.S*

29 January 2021 (SYDNEY): AI-driven financial wellness app provider **Douugh Limited (ASX: DOU)** ("**Douugh**" or the "**Company**) presents the following activities report for the quarter ended on 31 December 2020 (the "Quarter").

Activity Highlights

On 17 November 2020, the Company announced the official launch of its much anticipated financial wellness app in the United States after a successful 18-month beta trial.



The launch marked the introduction of Douugh's industry-first Bills Jar feature with a linked dedicated virtual card, which helps users track and cover their fixed and recurring outgoing expenses.

Central to Douugh's go-to-market growth strategy will be its utilisation of Google's AI-powered ad bidding platform to target profitable customers, as well as the introduction of a viral member-get-member affiliate distribution channel to grow the community via word-of-mouth, and expanded marketing program across online and social media platforms.

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About the Douugh Wellness Platform

Douugh uses individual banking data to provide intimately tailored financial solutions that help people spend smarter, save more and build wealth. Douugh utilises the banking licenses of its partners, U.S.-based **Choice Bank** and Australian **Regional Australia Bank** to deliver core banking services via its SaaS delivery model.

Having forged a strategic partnership with Mastercard, Douugh was in beta with select U.S. consumers from mid-2019 up until the launch this Quarter.

JV partnership with Humm Group Limited

On 1 December 2020, the Company announced that it had entered into a strategic JV partnership with ~$600 million ASX listed Company Humm Group Limited (ASX: HUM) (Humm) (previously Flexigroup Limited), to launch an integrated interest-free 'buy now, pay later'(BNPL) feature in the U.S market.

The JV partners are working together to enter into a further agreement which will include the breakdown of revenue between the parties.

Company Overview, Strategy and Outlook

On 6 October 2020, Douugh commenced trading on the ASX following completion of its capital raise of $6 million, led by Canaccord Towards the end of the Quarter, the Company also focussed on completing its JV partnership with Humm Group Limited. Genuity. Canaccord also led the $12 million follow-on Placement which was completed on 8 December 2020.

The Company's focus during the quarter was the launch of the Douugh wellness app; in particular optimising marketing efforts to target high ARPU users and gaining user data to feed into the platform's AI processes.

The Quarter is covered by the Use of Funds projection detailed in the Company's August 2020 Prospectus. Below is a high-level comparison of anticipated versus actual expenditure for the Company.

Use of Funds per Prospectus	Anticipated	Actual to date	Variance	
Working capital and administrative expenses	$1,435,000	$672,000	$763,000	53%
Research and development	$1,100,000	$283,000	$817,000	74%
Marketing/growth hacking	$2,700,000	$272,000	$2,428,000	89%
*Capital raising fees payable to Lead Manager	$360,000	$360,000	-	-
Transaction expenses	$405,000	$405,000	-	-
	$6,000,000	$1,992,000		

*Capital raising fees related to the December 2020 capital raising were paid from that capital raising and so are not reflected in this table

To date there have been no material variances to the Use of Funds as set out in the Prospectus. As the Company's plans progress, there will be further alignment between the Actual and Anticipated values.

The next step for the Company is the scale up the U.S customer base for the Douugh Wellness Platform. Its upcoming Autopilot and Investment Jars features are scheduled to be rolled out in the coming months, prior to the introduction of a monthly subscription fee.

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The Company will also look to finalise the terms of the JV Partnership with Humm as well as complete the acquisition of 100% of the issued capital in the consumer business of millennial investing fintech, Goodments Pty Ltd (Goodments) in an all scrip deal.

The acquisition of Goodments will accelerate the development and broaden the depth of Douugh's planned 'Wealth Jars' feature, which will initially allow customers to accelerate their savings goals by investing money in custom-built portfolios to help it fulfill its mission of becoming a fully fledged autonomous financial wellness platform, with integrated banking AND investing.

CEO Andy Taylor noted:

"With $16 million cash in the bank, Douugh is strongly positioned to successfully scale up the U.S. customer base of the Douugh Wellness App. Data collection and AI learning are well underway and our development team has performed strongly and is well ahead of schedule to deliver key new features on our development roadmap.

While acknowledging our strong success operationally, we also want to acknowledge that there have been some issues in adjusting to becoming a public company and I would like to reassure all stakeholders that we are prioritising the strengthening of our governance and oversight moving forward, and thank everyone for their patience and support.

The Company has been corresponding with the ASX and expects to have all outstanding matters resolved over the coming days. Once resolved, the Company expects that the suspension on trading of its shares on ASX will be lifted immediately."

--Ends--

About Douugh

Douugh is a purpose-led fintech company operating in the U.S, taking an AI first approach in helping customers autonomously manage and grow their money to live financially healthier. Douugh's vision is to become a subscription based financial control centre.

ASX Release approved by the CEO on behalf of the Board

For more information contact:

Investors

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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Name of entity

DOUUGH LIMITED

ABN	**Quarter ended ("current quarter")**
41 108 042 593	31 December 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(283)	(283)
	(b) product manufacturing and operating costs	(51)	(51)
	(c) advertising and marketing	(272)	(272)
	(d) leased assets		
	(e) staff costs	(580)	(657)
	(f) administration and corporate costs	(258)	(499)
1.3	Dividends received (see note 3)		
1.4	Interest received	3	3
1.5	Interest and other costs of finance paid	(34)	(34)
1.6	Income taxes paid		
1.7	Government grants and tax incentives	39	39
1.8	Other (provide details if material)	(65)	(65)
1.9	**Net cash from / (used in) operating activities**	**(1,501)**	**(1,819)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(23)	(23)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	(70)
2.4	Dividends received (see note 3)	-	-
2.5	Other (cash from acquired subsidiary)	-	148
2.6	**Net cash from / (used in) investing activities**	**(22)**	**55**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)*	12,000	18,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(953)	(953)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(103)	(103)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**10,944**	**16,944**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	6,592	832
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,501)	(1,819)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(22)	55

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	10,944	16,944
4.5	Effect of movement in exchange rates on cash held	8	8
4.6	**Cash and cash equivalents at end of period**	**16,020**	**16,020**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	16,020	6,592
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**16,020**	**6,592**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	46
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The aggregate amount of payments to related parties and their associates included in the current quarter Cash flows from operating activities totalled ~$46,000. These payments consisted of Directors' fees and salaries paid to non-executive directors. All payments were on normal commercial terms.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

n/a

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,501)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	16,020
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	16,020
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	11

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: n/a

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: n/a

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

` 29 January 2021

Date: .....

By the Board

Authorised by: .....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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