

18 February 2021

General Meeting and Special Meetings

The shareholder meeting is scheduled to be held in Perth, Western Australia on 19 March 2021 commencing at 10:00am (AWST) with three special meetings of shareholders to occur immediately afterwards (Meetings).

The Company is closely monitoring the impact of the COVID-19 virus in Western Australia and following guidance from the Federal and State Governments. Based on the information available as at the date of the Notices of Meeting, at this stage the Directors have made the decision that a physical meeting will be held. Accordingly, Shareholders will be able to attend the Meetings in person.

In accordance with temporary modifications to the Corporations Act 2001 (Cth) via the Corporations (Coronavirus Economic Response) Determination (No. 3) 2020, the Company will not be sending hard copies of the Notices of Meeting to shareholders. The Notices of Meeting can be viewed and downloaded from the link set out below.

The Company **strongly encourages Shareholders to lodge a directed proxy form prior to the meetings**. Questions should also be submitted in advance of the Meeting as this will provide management with the best opportunity to prepare for the meeting, for example by preparing answers in advance to Shareholders questions. However, votes and questions may also be submitted during the Meetings.

Please find below to the Notices of Meeting and Explanatory Statements:

<https://douugh.com/investor-centre/>

Alternatively, a complete copy of the Notices of Meeting and Explanatory Statements documents has been posted on the Company's ASX market announcements page.

If you have nominated an email address and have elected to receive electronic communications from the Company, you will also receive an email to your nominated email address with a link to an electronic copy of the Notices of Meeting and Explanatory Statements.

If you are unable to access any of the important Meeting documents online please contact the Company Secretary, Derek Hall, on +618 6380 2555 or via email at secretary@douugh.com.

The Australian government and the respective State governments are implementing a wide range of measures to contain or delay the spread of COVID-19. If it becomes necessary or appropriate to make alternative arrangements to those set out in the Company's Notices of Meeting, the Company will notify Shareholders accordingly via the Company's website at www.douugh.com and the Company's ASX Announcement Platform at asx.com.au (ASX: DOU).

About Douugh

Douugh is a purpose-led fintech company operating in the US, 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 authorised by the Company Secretary on behalf of the Board.

For more information contact:

Investor

info@douugh.com

Media

press@douugh.com

DOUGGH LIMITED
ACN 108 042 593
NOTICE OF GENERAL MEETING

Notice is given that the General Meeting will be held at:

TIME: 10 am (WST)
DATE: 19 March 2021
PLACE: 642 Newcastle Street
Leederville WA 6007

NOTICE OF SPECIAL MEETING 1

Notice is given that the General Meeting will be held at:

TIME: At the earlier of 10:30 am (WST) and the conclusion or adjournment (whichever is earlier) of the General Meeting
DATE: 19 March 2021
PLACE: 642 Newcastle Street
Leederville WA 6007

NOTICE OF SPECIAL MEETING 2

Notice is given that the General Meeting will be held at:

TIME: At the earlier of 11 am (WST) and the conclusion or adjournment (whichever is earlier) of the Special Meeting 1
DATE: 19 March 2021
PLACE: 642 Newcastle Street
Leederville WA 6007

NOTICE OF SPECIAL MEETING 3

Notice is given that the General Meeting will be held at:

TIME: At the earlier of 11:30 am (WST) and the conclusion or adjournment (whichever is earlier) of the Special Meeting 2
DATE: 19 March 2021
PLACE: 642 Newcastle Street
Leederville WA 6007

The business of the Meetings affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm (WST) on 17 March 2021.

BUSINESS OF THE MEETINGS

The Company is convening a General Meeting and the Special Meetings 1, 2 and 3 on 19 March 2021 to be held at 642 Newcastle Street, Leederville, Western Australia.

The purpose of these meetings is to seek Shareholder approval for the selective capital reduction for consideration of Shares held by the Breach Entities as part of the remedial action required by ASX in relation to breaches of ASX Listing Rule 10.11 by the Company.

In relation to the Selective Capital Reductions, the Company is required to hold four separate meetings:

- (a) General Meeting at 10 am (WST). This meeting is for all Shareholders to seek their approval for the Selective Capital Reductions.
- (b) Special Meeting 1 at the earlier of 10:30 am (WST) and the conclusion or adjournment of the General Meeting. This meeting is a special meeting of Shelf Pty Ltd ACN 105 384 601 <The Cruz A/C> (**Breach Entity #1**) in its capacity as a Shareholder. Breach Entity #1 will be the only participant and Shareholder who will vote at this meeting, either in person or by proxy, to seek its approval of the cancellation of 90,909 Shares pursuant to the selective capital reduction proposed for consideration.
- (c) Special Meeting 2 at the earlier of 11 am (WST) and the conclusion or adjournment of Special Meeting 1. This meeting is a special meeting of Mr Salvatore Mondello and Mrs Gisella Mondello ATF Salvatore Mondello Super A/C (**Breach Entity #2**) in their capacity as Shareholders. Breach Entity #2 will be the only participant and Shareholder who will vote at this meeting, either in person or by proxy, to seek approval of the cancellation of 59,091 Shares pursuant to the selective capital reduction proposed for consideration.
- (d) Special Meeting 3 at the earlier of 11:30 am (WST) and the conclusion or adjournment of Special Meeting 3. This meeting is a special meeting of Tyrrhenian Holdings Pty Ltd ACN 619 968 062 (**Breach Entity #3**) in its capacity as a Shareholder. Breach Entity #3 will be the only participant and Shareholder who will vote at this meeting, either in person or by proxy, to seek its approval of the cancellation of 823,409 Shares pursuant to the selective capital reduction proposed for consideration.

NOTICE OF GENERAL MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL TO MAKE SELECTIVE REDUCTION OF CAPITAL – 90,909 SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, subject to the approval of Shelf Pty Ltd ACN 105 384 601 <THE CRUZ A/C> at Special Meeting 1, in accordance with sections 256C(2) and 208 of the Corporations Act and for all other purposes, approval is given for the Company to make a selective reduction of capital for consideration of \$20,000 by cancelling a total of 90,909 Shares held by Shelf Pty Ltd ACN 105 384 601 <THE CRUZ A/C>."

A voting prohibition statement and voting exclusion statement applies to this Resolution, refer to the table below.

2. RESOLUTION 2 – APPROVAL TO MAKE SELECTIVE REDUCTION OF CAPITAL – 59,091 SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, subject to the approval of Mr Salvatore Mondello and Mrs Gisella Mondello ATF Salvatore Mondello Super A/C at Special Meeting 2, in accordance with sections 256C(2) and 208 of the Corporations Act and for all other purposes, approval is given for the Company to make a selective reduction of capital for consideration of \$13,000 by cancelling a total of 59,091 Shares held by Mr Salvatore Mondello and Mrs Gisella Mondello ATF Salvatore Mondello Super A/C."

A voting prohibition statement and voting exclusion statement applies to this Resolution, refer to the table below.

3. RESOLUTION 3 – APPROVAL TO MAKE SELECTIVE REDUCTION OF CAPITAL – 823,409 SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, subject to the approval of Tyrrhenian Holdings Pty Ltd ACN 619 968 062 at Special Meeting 3, in accordance with sections 256C(2) and 208 of the Corporations Act and for all other purposes, approval is given for the Company to make a selective reduction of capital for consideration of:

(a) \$129,999.98 in respect of 590,909 Shares; and

(b) \$6,975 in respect of 232,500 Shares,

held by Tyrrhenian Holdings Pty Ltd ACN 619 968 062."

A voting prohibition statement and voting exclusion statement applies to this Resolution, refer to the table below.

Dated: 18 February 2021

By order of the Board

DEREK HALL
Company Secretary

NOTICE OF SPECIAL MEETING 1

AGENDA

1. RESOLUTION 1 – APPROVAL TO MAKE SELECTIVE REDUCTION OF CAPITAL – 90,909 SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, subject to the passing of the Selective Capital Reduction Resolutions, in accordance with section 256C(2) of the Corporations Act and for all other purposes, approval is given for the Company to make a selective reduction of capital for consideration of \$20,000 by cancelling a total of 90,909 Shares held by Shelf Pty Ltd ACN 105 384 601 <THE CRUZ A/C>."

Voting Exclusion: Only Shelf Pty Ltd ACN 105 384 601 <THE CRUZ A/C> may vote at this Special Meeting 1 and on this Resolution. The Company will disregard any votes cast on this Resolution by another other person.

Dated: 18 February 2021

By order of the Board

DEREK HALL
Company Secretary

NOTICE OF SPECIAL MEETING 2

AGENDA

1. RESOLUTION 1 – APPROVAL TO MAKE SELECTIVE REDUCTION OF CAPITAL – 59,091 SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, subject to the passing of the Selective Capital Reduction Resolutions, in accordance with section 256C(2) of the Corporations Act and for all other purposes, approval is given for the Company to make a selective reduction of capital for consideration of \$13,000 by cancelling a total of 59,091 Shares held by Mr Salvatore Mondello and Mrs Gisella Mondello ATF Salvatore Mondello Super A/C."

Voting Exclusion: Only Mr Salvatore Mondello and Mrs Gisella Mondello ATF Salvatore Mondello Super A/C may vote at this Special Meeting 2 and on this Resolution. The Company will disregard any votes cast on this Resolution by another other person.

Dated: 18 February 2021

By order of the Board

DEREK HALL
Company Secretary

NOTICE OF SPECIAL MEETING 3

AGENDA

1. RESOLUTION 1 – APPROVAL TO MAKE SELECTIVE REDUCTION OF CAPITAL – 823,409 SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, subject to the passing of the Selective Capital Reduction Resolutions, in accordance with section 256C(2) of the Corporations Act and for all other purposes, approval is given for the Company to make a selective reduction of capital for consideration of:

(a) \$129,999.98 in respect of 590,909 Shares; and

(b) \$6,975 in respect of 232,500 Shares,

held by Tyrrhenian Holdings Pty Ltd ACN 619 968 062."

Voting Exclusion: Only Tyrrhenian Holdings Pty Ltd ACN 619 968 062 may vote at this Special Meeting 3 and on this Resolution. The Company will disregard any votes cast on this Resolution by another other person.

Dated: 18 February 2021

By order of the Board

DEREK HALL
Company Secretary

Voting Exclusion Statements – General Meeting

Resolution 1 – Approval to make Selective Capital Reduction – 90,909 Shares	The Company will disregard any votes on this Resolution by Shelf Pty Ltd ACN 105 384 601 <THE CRUZ A/C> and its associates (as defined in the Corporations Act). However, the Company need no disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.
Resolution 2 - Approval to make Selective Capital Reduction – 59,091 Shares	The Company will disregard any votes on this Resolution by Mr Salvatore Mondello and Mrs Gisella Mondello ATF Salvatore Mondello Super A/C and their associates (as defined in the Corporations Act). However, the Company need no disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.
Resolution 3 - Approval to make Selective Capital Reduction – 823,409 Shares	The Company will disregard any votes on this Resolution by Tyrrhenian Holdings Pty Ltd ACN 619 968 062 and its associates (as defined in the Corporations Act). However, the Company need no disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statements – General Meeting

Resolution 1 – Approval to make Selective Capital Reduction – 90,909 Shares	<p>In accordance with section 256C(2) of the Corporations Act, any votes cast on Resolution 1 (other than by a person as proxy for a member who is entitled to vote, in accordance with the directions on the relevant proxy form) by any person who is to receive consideration as part of the reduction and their respective associates will be disregarded.</p> <p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (Resolution 1 Excluded Party). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 1 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> (a) the proxy is either: <ul style="list-style-type: none"> (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. <p>Provided the Chair is not a Resolution 1 Excluded Party, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> (a) the proxy is the Chair; and (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
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Resolution 2 - Approval to make Selective Capital Reduction – 59,091 Shares

In accordance with section 256C(2) of the Corporations Act, any votes cast on Resolution 2 (other than by a person as proxy for a member who is entitled to vote, in accordance with the directions on the relevant proxy form) by any person who is to receive consideration as part of the reduction and their respective associates will be disregarded.

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 2 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 2 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 2 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Resolution 3 - Approval to make Selective Capital Reduction – 823,409 Shares

In accordance with section 256C(2) of the Corporations Act, any votes cast on Resolution 3 (other than by a person as proxy for a member who is entitled to vote, in accordance with the directions on the relevant proxy form) by any person who is to receive consideration as part of the reduction and their respective associates will be disregarded.

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 3 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 3 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 3 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

You may still attend the meeting and vote in person even if you have lodged appointed a proxy. If you have previously submitted a Proxy Form, your attendance will not revoke your proxy appointment unless you actually vote at the meeting for which the proxy is proposed to be used, in which case, the proxy's appointment is deemed to be revoked with respect to voting on that resolution.

Please bring your personalised Proxy Form with you as it will help you to register your attendance at the meeting. If you do not bring Proxy Form with you, you can still attend the meeting but representatives from Automic Share Registry will need to verify your identity. You can register from 9:45 am WST on the day of the meeting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6380 2555.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND TO RESOLUTIONS

From December 2020 until February 2021, the Company has been in discussions with ASX regarding:

- (a) breaches of Listing Rule 10.11 identified by ASX (and by an independent review) that occurred by virtue of the issue of Shares as part of the Company's capital raising undertaken to re-comply with Chapters 1 and 2 of the Listing Rules in September 2020 (**Re-Compliance Capital Raising**) and a placement conducted by the Company in December 2020 (**December Placement**); and
- (b) the remedial action to be undertaken by the Company in relation to the unintentional breaches.

The result of discussions with, and submissions to, ASX has been that, as part of the remedial action to be undertaken by the Company (refer to ASX announcement dated 4 February 2021, the Company has entered into share cancellation deeds with three related parties; **the Breach Entities**, for the cancellation of Shares issued to them in breach of Listing Rule 10.11 by way of a selective capital reduction for consideration. It is noted that, since the breaches were identified, holding locks have been placed on the Shares the subject of Resolutions 1 to 3 of the Notice of General Meeting (and each of the Special Meetings) such that the Breach Entities have not been able to trade them.

The Breach Entities all paid cash for the Shares the subject of the Selective Capital Reductions, either as part of the Re-Compliance Capital Raising or the December Placement. ASX, the Company and the Breach Entities have therefore all agreed that cancellation of the Shares by way of a selective capital reduction for the consideration paid by each Related Party for the Shares the subject of Resolutions 1 to 3 of the Notice of General Meeting (and each of the Special Meetings) is appropriate remedial action to take in these circumstances.

2. RESOLUTIONS 1 TO 3 OF GENERAL MEETING, RESOLUTION 1 OF SPECIAL MEETING 1, RESOLUTION 1 OF SPECIAL MEETING 2 AND RESOLUTION 1 OF SPECIAL MEETING 3 – SELECTIVE CAPITAL REDUCTIONS

2.1 Background

The purpose of Resolutions 1 to 3 of the Notice of General Meeting is to seek the requisite approval of Shareholders required under the Corporations Act for the selective reduction and cancellation of:

- (a) 90,909 Shares held by Breach Entity #1 for consideration of \$20,000 (being \$0.22 per Share subscribed for and issued under the December Placement);
- (b) 59,091 Shares held by Breach Entity #2 for consideration of \$13,000 (being \$0.22 per Share subscribed for and issued under the December Placement);

- (c) The following Shares held by Breach Entity #3:
- (i) 590,909 Shares for consideration of \$129,999.98 (being \$0.22 per Share subscribed for and issued under the December Placement); and
 - (ii) 232,500 Shares for consideration of \$6,975 (being \$0.03 per Share subscribed for and issued under the Re-Compliance Raising),
- (together, the **Selective Capital Reductions**).

The effect of Resolutions 1 to 3 of the Notice of General Meeting will be a selective capital reduction and cancellation of a total of 973,409 Shares held by the Breach Entities for total consideration of \$169,974.98.

Each of Resolutions 1, 2 and 3 of the Notice of General Meeting is a special resolution, and therefore requires not less than 75% of all votes cast on each Resolution must be in favour of each Resolution to be passed.

The purpose of Resolution 1 of each of Special Meeting 1, Special Meeting 2 and Special Meeting 3 is to seek the requisite approval of each of the Breach Entities required under the Corporations Act for the selective reduction and cancellation of their Shares. Resolution 1 of the General Meeting is conditional upon Resolution 1 of Special Meeting 1 being passed; Resolution 2 of the General Meeting is conditional upon Resolution 1 of Special Meeting 2 being passed and Resolution 3 of the General Meeting is conditional upon Resolution 1 of Special Meeting 3 being passed.

2.2 Corporations Act – selective capital reductions

Pursuant to section 256C of the Corporations Act, a company may make a selective capital reduction if it is approved by a special resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced.

The Corporations Act provides that the rules relating to a reduction of share capital are designed to protect the interests of shareholders and creditors by:

- (a) addressing the risk of the transaction leading to the Company's solvency;
- (b) seeking to ensure fairness between the shareholders of the Company; and
- (c) requiring the Company to disclose all material information.

In particular, section 256B of the Corporations Act requires that a Company may only reduce its capital if:

- (a) it is fair and reasonable to the shareholders as a whole;
- (d) it does not materially prejudice the Company's ability to pay its creditors; and
- (e) it is approved by shareholders in accordance with section 256C of the Corporations Act.

Section 256C(4) of the Corporations Act requires that the Company must include with the notice a statement setting out all information known to the Company that is material to the decision on how to vote on the resolution. However, the Company does not have to disclose information if it would be unreasonable to require the Company to do so because the Company had previously disclosed the information to shareholders.

The Directors believe that the Selective Capital Reductions as proposed are fair and reasonable to Shareholders for the following reasons:

- (a) the Selective Capital Reduction will only result in the cancellation of the Shares issued to the Breach Entities;
- (b) the Selective Capital Reduction will not materially prejudice the Company's ability to pay its creditors and will have minimal financial effect on the Company as the consideration to be paid for the Shares to be cancelled totals \$169,974.98, being the amount paid by the Breach Entities for the Shares being cancelled;
- (c) the financial effect on cash reserves of the Selective Capital Reduction on the Company will be minimal, with total consideration of \$169,974.98 proposed to be provided for the Selective Capital Reduction. With cash of ~\$16M (refer to the Company's Appendix 4C released on 29 January 2021) the Company does not consider that the financial effect of the Selective Capital Reduction on cash reserves will be material; and
- (d) the Selective Capital Reductions serve to rectify technical breaches of ASX Listing Rule 10.11.

The Directors do not consider that there are any material disadvantages to the Company undertaking the Selective Capital Reduction.

Further, as the Selective Capital Reductions involve the cancellation of Shares, section 256C(2) of the Corporations Act requires that the Selective Capital Reduction must also be approved by a special resolution passed at a meeting of the shareholders whose shares are to be cancelled.

Special Meetings 1, 2 and 3 are being held after the General Meeting, at which each of the Breach Entities will vote on the Selective Capital Reductions that apply to them, for the purpose of satisfying section 256C(2) of the Corporations Act.

2.3 Summary of and Effect of Proposed Selective Capital Reductions

The overall effect of the Selective Capital Reductions will be to reduce the number of Shares currently on issue from 655,652,144 Shares to 654,678,735 Shares.

The primary purpose of the Selective Capital Reductions is to comply with the remedial action that has been agreed between the Company and ASX in relation to breaches of Listing Rule 10.11 that unintentionally occurred by the Company issuing the Shares the subject of Resolutions 1 to 3 of the Notice of General Meeting (and Resolution 1 of each Special Meeting) without first seeking Shareholder approval to do so.

2.4 Share cancellation deeds

Each of the Breach Entities has entered into a share cancellation deed with the Company on the following key terms and conditions:

- (a) With no admission of liability on behalf of the Company or the relevant Breach Entity, each Breach Entity has agreed to the cancellation of the Shares, the release of all of the Breach Entity's rights and the release of the Company from all of its obligations in respect of the Shares on the terms and conditions set out in the deed.
- (b) The Shares are currently the subject of a voluntary holding lock and the holding lock will remain in place until the Shares are cancelled.
- (c) The cancellation of the Shares is conditional upon the Company:
 - (i) obtaining the requisite shareholder approvals for, and undertaking, a selective capital reduction, for consideration equal to the subscription price with respect to the Shares, in accordance with section 256B of the Corporations Act; and
 - (ii) subject to receipt of the requisite shareholder approvals, paying the relevant Related Party the consideration.
- (d) Subject to the satisfaction of the conditions set out above, the Shares will be irrevocably cancelled.
- (e) With effect from the date on which the conditions are satisfied:
 - (i) Each Breach Entity releases and discharges the Company from all Claims that the Breach Entity may have against the Company in relation to the Shares or their cancellation; and
 - (ii) the Company releases and discharges each Breach Entity from all Claims that the Company may have against each Related Party in relation to the Shares or their cancellation.

2.5 Chapter 2E of the Corporations Act (General Meeting)

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

A related party of the Company includes:

- (a) A former Director, who was a director within the previous 6 months, or an entity controlled by a former Director. In relation to Resolution 1, Shelf Pty Ltd ACN 105 384 601 <THE CRUZ A/C> is controlled by Mr Salvatore Vallelonga, who was a Director of the Company in the 6 months prior to the issue of the Shares to Shelf Pty Ltd ACN 105 384 601 <THE CRUZ A/C>.

- (b) The parents of a Director, or an entity controlled by parents of a Director. In relation to Resolution 2, Mr Salvatore Mondello and Mrs Gisella Mondello are the parents of current Director Mr Bert Mondello. In relation to Resolution 3, Mrs Gisella Mondello controls Tyrrhenian Holdings Pty Ltd ACN 619 968 062.

Accordingly, the selective capital reductions as proposed by Resolutions 1, 2 and 3 of the Notice of General Meeting involve the provision of a financial benefit to related parties of the Company.

Section 210 of the Corporations Act provides that an entity does not need to obtain shareholder approval to give a financial benefit to a related party if the giving of the financial benefit would be reasonable in the circumstances if the related party and the company were dealing at arm's length terms.

The Board (other than Mr Bert Mondello) considers that the Selective Capital Reductions to be fair and reasonable to Shareholders. However, the Board is of the view that it is prudent to seek Shareholder approval under section 208 of the Corporations Act.

In accordance with section 219 of the of the Corporations Act, the following information is provided in relation to Resolution 1, 2 and 3 of the Notice of General Meeting.

- (b) The Breach Entities are:

- (i) Resolution 1: Breach Entity #1: Shelf Pty Ltd ACN 105 384 601 <THE CRUZ A/C>, a related party by virtue of being controlled by Salvatore Vallelonga, who was a Director in the previous 6 months.
- (ii) Resolution 2: Breach Entity #2: Mr Salvatore Mondello and Mrs Gisella Mondello ATF Salvatore Mondello Super A/C, a related party by virtue of being controlled by the parents of current Director Mr Bert Mondello.
- (iii) Resolution 3: Breach Entity #3: Tyrrhenian Holdings Pty Ltd ACN 619 968 062, a related party by virtue of being controlled by a parent of Mr Bert Mondello.

- (c) The nature and value of the financial benefit to be provided is:

- (i) Resolution 1; \$20,000 for the cancellation of 90,909 Shares.
- (ii) Resolution 2: \$13,000 for the cancellation of 50,091 Shares
- (iii) Resolution 3: \$136,974.98 for the cancellation of 823,409 Shares.

- (d) As at the date of this Notice, the Related Parties hold the following securities:

	Shares	Options
Shelf Pty Ltd ACN 105 384 601 <THE CRUZ A/C>	4,417,575 ¹	Nil
Mr Salvatore Mondello and Mrs Gisella Mondello ATF Salvatore Mondello Super A/C	59,091 ²	Nil
Tyrrhenian Holdings Pty Ltd ACN 619 968 062	908,528 ³	Nil

Notes:

- 1. 90,909 of these Shares are proposed to be cancelled pursuant to Resolution 1.
- 2. 59,091 of these Shares are proposed to be cancelled pursuant to Resolution 2.
- 3. 823,409 of these Shares are proposed to be cancelled pursuant to Resolution 3.

- (e) If the Selective Capital Reductions are approved and the Shares the subject of Resolutions 1, 2 and 3 are cancelled, the effect on the Company's capital structure will be that total number of Shares on issue will be reduced from 655,652,144 to 654,678,735.
- (f) Additional information relevant to Shareholders' decisions with respect to Resolutions 1, 2 and 3 of the Notice of General Meeting is included in this Explanatory Statement. The Directors encourage Shareholders to read the Explanatory Statement in its entirety before making a decision as to how to vote.

2.6 Interests of Directors

Messrs Andrew Taylor, Steven Bellotti and Patrick Tuttle do not have any interest in the outcome of Resolutions the subject of the Notice of General Meeting or the Special Meetings. In relation to Resolution 2 of the Notice of General Meeting and Resolution 1 of Special Meeting 2, Mr Salvatore Mondello and Mrs Gisella Mondello are Mr Bert Mondello's parents. In relation to Resolution 3 of the Notice of General Meeting and Resolution 1 of Special Meeting 2, Tyrrhenian Holdings Pty Ltd ACN 619 968 062 is controlled by Mr Bert Mondello's mother, Mrs Gisella Mondello. Accordingly, the Directors, other than Mr Mondello who has an interest in the Resolutions set out above by virtue of his parents' control of the Salvatore Mondello Super A/C (Mr Salvatore Mondello and Mrs Gisella Mondello are the trustees of the Salvatore Mondello Super A/C) and Tyrrhenian Holdings Pty Ltd ACN 619 968 062, recommend that Shareholders vote in favour of Resolutions 1, 2 and 3 of the Notice of General Meeting, as they consider the proposed reduction of capital to be fair and reasonable and in the best interests of Shareholders.

2.7 Other Material Information

There is no information material to the making of a decision by a Shareholder whether or not to approve Resolutions 1, 2 or 3 of the Notice of General Meeting, or Resolution 1 of Special Meeting 1, Resolution 1 of Special Meeting 2 or Resolution 1 of Special Meeting 3, being information that is known to any of the Directors and which has not been previously disclosed to Shareholders, other than as disclosed in this Explanatory Statement.

Once:

- (a) Resolutions 1, 2 and 3 of the Notice of General Meeting are passed by Shareholders; and
- (b) Resolution 1 of Special Meeting 1 is passed Breach Entity #1, Resolution 1 of Special Meeting 2 is passed by Breach Entity #2 and Resolution 1 of Special Meeting 3 is passed by Breach Entity #3,

the Company will not make the reduction of capital until at least 14 days after lodgement of Resolutions 1, 2 and 3 of the Notice of General Meeting with the ASIC, in accordance with the ASIC prescribed timeline for selective capital reductions.

2.8 Resolution 1 of Special Meeting 1, Special Meeting 2 and Special Meeting 3

- (a) **General**

As outlined above, section 256C(2) of the Corporations Act requires that in order for a selective reduction of capital to be completed, the selective reduction of capital must also be approved by a special resolution passed at a meeting of the shareholders whose shares are to be cancelled.

(b) **Special Meeting 1**

Special Meeting 1 is being held for the purpose of approving the selective capital reduction of a total of 90,909 Shares for consideration of \$20,000, and the only Shareholder entitled to attend and vote at Special Meeting 1 is Breach Entity #1.

Details of the proposed selective capital reduction of 90,909 Shares are outlined in Sections 2.1 to 2.7 above and the Company considers that all other information has been made available to Breach Entity #1.

Resolution 1 to be considered at Special Meeting 1 is a special resolution, and therefore requires not less than 75% of all votes cast on the Resolution to be in favour of the Resolution for it to be passed.

(c) **Special Meeting 2**

Special Meeting 2 is being held for the purpose of approving the selective capital reduction of a total of 59,091 Shares for consideration of \$13,000, and the only Shareholder entitled to attend and vote at Special Meeting 2 is Breach Entity #2.

Details of the proposed selective capital reduction of 59,091 Shares are outlined in Sections 2.1 to 2.7 above and the Company considers that all other information has been made available to Breach Entity #2.

Resolution 1 to be considered at Special Meeting 2 is a special resolution, and therefore requires not less than 75% of all votes cast on the Resolution to be in favour of the Resolution for it to be passed.

(d) **Special Meeting 3**

Special Meeting 3 is being held for the purpose of approving the selective capital reduction of a total of 823,409 Shares for consideration as follows:

- (i) \$129,999.98 in respect of 590,909 Shares; and
- (ii) \$6,975 in respect of 232,500 Shares,

and the only Shareholder entitled to attend and vote at Special Meeting 3 is Breach Entity #3.

Details of the proposed selective capital reduction of 823,409 Shares are outlined in Sections 2.1 to 2.7 above and the Company considers that all other information has been made available to Breach Entity #3.

Resolution 1 to be considered at Special Meeting 3 is a special resolution, and therefore requires not less than 75% of all votes cast on the Resolution to be in favour of the Resolution for it to be passed.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Breach Entity #1 means Shelf Pty Ltd ACN 105 384 601 <The Cruz A/C>.

Breach Entity #2 means Mr Salvatore Mondello and Mrs Gisella Mondello ATF Salvatore Mondello Super A/C.

Breach Entity #3 means Tyrrhenian Holdings Pty Ltd ACN 619 968 062.

Breach Entities means Breach Entities #1, #2 and #3 and Breach Entity means any one of them.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Claim means any claim, demand or cause of action whether arising in contract, tort, under statute or otherwise in relation to:

- (a) any provision of the share cancellation deed entered into between the Company and the relevant Related Party;
- (b) the Shares or their cancellation; or
- (c) any other matter connected with the Company relating to the Shares.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Dough Limited (ACN 108 042 593).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting means the meeting convened by the Notice of General Meeting.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the Listing Rules of ASX.

Notice of General Meeting means this notice of meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Selective Capital Reductions means the selective capital reductions set out in Section 2.1 as contemplated in the Selective Capital Reduction Resolutions.

Selective Capital Reduction Resolutions means the Resolutions the subject of the Notice of General Meeting, Notice of Special Meeting 1, Notice of Special Meeting 2 and Notice of Special Meeting 3.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Special Meeting means any one of Special Meeting 1, Special Meeting 2 or Special Meeting 3, as the context requires.

Special Meeting 1 means the special meeting of Breach Entity #1 in its capacity as a Shareholder.

Special Meeting 2 means the special meeting Breach Entity #2 in its capacity as a Shareholder.

Special Meeting 3 means the special meeting of Breach Entity #3 in its capacity as a Shareholder.

WST means Western Standard Time as observed in Perth, Western Australia.

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **10.00am (WST) on Wednesday, 17 March 2021**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBCHAT: <https://automicgroup.com.au/>

PHONE: 1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

STEP 1 - How to vote

APPOINT A PROXY:

I/We being a Shareholder entitled to attend and vote at the General Meeting of Douough Limited, to be held at **10.00am (WST) on Friday, 19 March 2021 at Regency Corporate, 642 Newcastle Street, Leederville WA 6007** hereby:

Appoint the Chair of the Meeting (Chair) OR if you are not appointing the Chair of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

[illegible]

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Unless indicated otherwise by ticking the “for,” “against” or “abstain” box you will be authorising the Chair to vote in accordance with the Chair’s voting intention.

STEP 2 – Your voting direction

Resolutions		For	Against	Abstain
1.	Approval to make Selective Reduction of Capital – 90,909 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Approval to make Selective Reduction Of Capital – 59,091 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Approval to make Selective Reduction Of Capital – 823,409 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 – Signatures and contact details

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary Contact Name:	Director	Director / Company Secretary
Email Address:		
Contact Daytime Telephone		
Date (DD/MM/YY)		

By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).



AUTOMATIC

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