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**YOWIE GROUP LTD**

**ABN 98 084 370 669**

**NOTICE OF GENERAL MEETING**

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**TIME:** 10.30am (EST)  
**DATE:** Wednesday, 24 June 2020  
**PLACE:** The Grace Hotel  
Wilarra Room (Level 2)  
77 York Street  
Sydney, New South Wales

**Your Board SUPPORTS the capital return to Company shareholders and recommends you vote in FAVOUR of the Resolution**

*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.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 6268 2640.*

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## **IMPORTANT INFORMATION**

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### **TIME AND PLACE OF MEETING**

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Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held on Wednesday, 24 June 2020 at 10.30am (EST):

The Grace Hotel  
Wilarra Room (Level 2)  
77 York Street  
Sydney, New South Wales

### **YOUR VOTE IS IMPORTANT**

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

### **VOTING ELIGIBILITY**

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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 7.00pm (EST), on 22 June 2020.

### **VOTING IN PERSON**

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

### **VOTING BY PROXY**

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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.

Proxy Forms and if applicable, the powers of attorney (or a certified copy of the powers of attorney) under which they are signed must be lodged directly with the Company at least 48 hours before the time of the Meeting.

Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder's votes, then each proxy may exercise one-half of the votes.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### RESOLUTION 1 – APPROVAL OF CAPITAL RETURN TO SHAREHOLDERS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

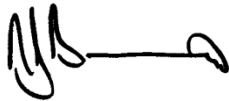
*“That the Company’s share capital be reduced by A\$8,731,846 by returning 4 cents on each fully paid ordinary share to the registered holders of such shares as at the Record Date.”*

**Your Board SUPPORTS this Resolution 1**

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**DATED: 25 MAY 2020**

**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to read 'NB', followed by a horizontal line and a small flourish at the end.

**NEVILLE BASSETT  
COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Meeting to be held at 10.30 am (EST) on 24 June 2020.

This Explanatory Statement forms part of and should be read in conjunction with the accompanying Notice of Meeting.

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### APPROVAL OF CAPITAL RETURN TO SHAREHOLDERS – RESOLUTION 1

#### Background

As announced on 25 May 2020, the Company has proposed a 4 cent per Share capital return to Shareholders (**Capital Return**).

The Capital Return is subject to shareholder approval and a waiver being granted by the ASX in relation to ASX Listing Rule 7.25 to the extent necessary to permit the Company to undertake the return of capital

To effect the Capital Return, the Company proposes to reduce its share capital by returning to Shareholders the amount of 4 cents per ordinary share held by each Shareholder at 7.00pm (EST) on Tuesday 30 June 2020 (**Record Date**). The terms of the return of capital are the same for each Shareholder.

The Capital Return of 4 cents per ordinary share will be returned to relevant Shareholders by way of an equal reduction of capital under Chapter 2J.1 of the *Corporations Act 2001* (Cth) (**Corporations Act**). The funds that will be used to make the payments to relevant Shareholders in respect of the Capital Return will be sourced from the Company's existing cash reserves.

#### What are the reasons for the Capital Return?

The Board has undertaken a detailed review as to how it should manage the Company's capital position going forward. The decision to propose the Capital Return reflects the Board's consideration that the Company has surplus capital as at the end of April 2020 with just over US\$11 million in cash, with a significant sum surplus to the Company's working capital requirements.

As shown in our announcement on 6 May 2020, your board continues to husband the company's cash resources effectively.

We are proposing 4 cents per share. A resolution approving this capital return is Resolution 1 in this Notice. We encourage you to support this resolution.

This capital return will amount to about US\$5.7 million out of the US\$11 million which we currently have in cash.

#### Who will participate in the Capital Return?

Subject to Shareholder approval, the distribution resulting from the Capital Return will be to Shareholders who hold fully paid ordinary shares in the capital of the Company at the Record Date.

If the Capital Return is not approved, the excess cash will be retained by the Company or utilised as the Board considers appropriate.

#### What is the effect of the Capital Return on the Company?

Effect on capital structure: For the purposes of ASX Listing Rule 7.20, the Company provides the following information to Shareholders regarding the effect of the return of capital on its securities.

If the Capital Return is implemented, the Company's issued share capital will be reduced by A\$8,731,846, being 4 cents per fully paid ordinary share. As no shares will be cancelled in connection with the Capital Return, the Capital Return will not affect the number of shares held by each Shareholder or the control of the Company. The Company will continue to have 218,296,162 fully paid ordinary shares on issue.

The Company has service rights on foot, vesting on completion of continuous service. Any service rights in the Company that have not vested before the 'ex' date of the Capital Return cannot participate in the Capital Return. As a result, the value of the service rights will reduce in value by an amount equal to the Capital Return per share.

Impact on existing business and growth opportunities: The Board considers that the Capital Return will not adversely affect the Company's capacity to fund or pursue existing business and growth opportunities whilst also taking into account the interests of all stakeholders.

Share price impact: If the Capital Return is implemented, the Company's shares are likely to trade at a lower share price than they would have done had the Capital Return not been implemented (reflecting that capital is being returned to Shareholders). This is likely to occur from the 'ex' date, being the day that the Company's shares trade without an entitlement to participate in the Capital Return.

Given that the Company's Share price is below \$0.20 and is likely to decrease following the return of capital, a waiver of ASX Listing Rule 7.25 is required. A waiver application has been submitted to ASX in relation to ASX Listing Rule 7.25 to the extent necessary to permit the Company to undertake the return of capital. At the date of this Notice of Meeting a decision on the waiver application is yet to be received from ASX.

There is therefore a risk that the ASX waiver may not be obtained. If the ASX waiver is not obtained, Resolution 1 will be withdrawn and the meeting will not proceed.

Tax implications for the Company: No adverse tax consequences are expected to arise for the Company as a result of the Capital Return.

### **Requirements for the return of capital**

The Capital Return will constitute an equal capital reduction for the purposes of the Corporations Act as:

- it relates only to ordinary shares;
- it applies to each holder of ordinary shares in proportion to the number of ordinary shares they hold; and
- the terms of the reduction will be the same for each holder of ordinary shares.

Section 256B(1) of the Corporations Act permits a company to reduce its share capital, including by returning capital in cash or in kind, if the reduction:

- is fair and reasonable to the company's Shareholders as a whole;
- does not materially prejudice the company's ability to pay its creditors; and
- is approved by Shareholders under section 256C.

The resolution being put to this Meeting seeks the approval of the Shareholders as required under section 256C.

### **Is the Capital Return fair and reasonable to Shareholders?**

The Board considers that the Capital Return is fair and reasonable to the Company's Shareholders as it will be available to all ordinary Shareholders equally having regard to the number of ordinary shares in the Company held by each of them at the Record Date.

### **Is there any material prejudice to creditors?**

The Company has undertaken significant work to assess the impact of the return of capital on the Company's ability to pay its creditors, including current and reasonably foreseeable future claimants. The Company has considered its financial position under a range of possible business and operating environments in order to assess the Company's

capacity to meet the claims of all of its creditors, including current and reasonably foreseeable future obligations, following the return of capital.

The Directors have carefully reviewed the Company's assets, liabilities and expected cash flows, and believe that the Capital Return will not materially prejudice the Company's ability to pay its creditors. The Directors have also satisfied themselves as to the solvency of the Company following the implementation of the Capital Return. In particular, the Company will have sufficient cash resources to pay its creditors after the return of capital.

**Tax implications for Shareholders**

The information set out below is general in nature and should not be relied upon as advice.

Tax implications for shareholders will depend on the circumstances of the particular shareholder. All shareholders should therefore seek their own professional advice in relation to their tax position. Neither the Company nor any of its officers, employees or advisers assumes any liability or responsibility for advising shareholders about the tax consequences of the Capital Return.

No adverse tax consequences are expected to arise for the Company from the Capital Return

**Payment details and rounding**

The amount payable in respect of each fully paid ordinary share in the Company on issue on the Record Date will be 4 cents per fully paid ordinary share. Amounts payable to Shareholders will be rounded up or down to the nearest cent, applying standard rounding techniques.

If the Capital Return is approved by Shareholders, payment will be made to Shareholders according to payment elections provided to the Company's share registry, Link Market Services Limited, Level 12, QV1 Building, 250 St Georges Terrace Perth WA 6000, Telephone 1300 554 474 or +61 2 8280 7111.

**Timetable for the Capital Return**

Subject to shareholder approval, the proposed Capital Return is expected to take effect in accordance with the following timetable\*:

<b>Event</b>	<b>Date</b>
General meeting and Capital Return approval	Wednesday, 24 June 2020
Yowie's share trade 'ex' the Capital Return	Monday, 29 June 2020
Record Date for determining entitlement to participate in Capital Return	Tuesday, 30 June 2020
Implementation of the Capital Return	Tuesday, 14 July 2020

\*All dates and times are indicative only. The Company reserves the right to vary these dates and times.

**Are there any reasons to vote against this item?**

The Board believes that the Capital Return is in the Company's best interests for the reasons set out in this Notice of Meeting.

You may wish to vote against this item for various reasons, for example if you believe that the Company should retain these surplus funds or use them in a different way.

**Directors' interests**

As at the date of the Notice of Meeting, the following Directors of the Company have an interest in the Capital Return as they are Shareholders of the Company:

<b>Director</b>	<b>Interest in ordinary shares</b>
<b>Louis Carroll</b>	1,293,478
<b>Mark Schuessler</b>	1,208,248
<b>Neville Bassett</b>	100,000

**Lodgement**

In accordance with section 256C(5) of the Corporations Act, a copy of this Notice of Meeting has been lodged with the Australian Securities and Investments Commission.

**No other material information**

This explanatory memorandum provides Shareholders with all information known to the Company which has not previously been disclosed to Shareholders that is material to the decision whether or not to vote in favour of this item.

**Ordinary Resolution**

The Resolution is an ordinary resolution, meaning that it can be passed by a simple majority of votes cast by Shareholders entitled to vote.

**RECOMMENDATION**

The Board unanimously recommends that Shareholders vote in favour of approving the Capital Return.

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## GLOSSARY

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**ASX** means the Australian Securities Exchange.

**Board** means the current board of directors of the Company.

**Company** means Yowie Group Ltd (ACN 084 370 669).

**Directors** means the current directors of the Company.

**EST** means Eastern Saving Time as observed in Sydney, New South Wales.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

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

**Resolutions** means the resolutions set out in this Notice.

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

**Shareholder** means a holder of a Share.





ABN 98 084 370 669

### LODGE YOUR VOTE

**ONLINE**  
www.linkmarketservices.com.au

**BY MAIL**  
Yowie Group Ltd  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

**BY FAX**  
+61 2 9287 0309

**BY HAND**  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138

**ALL ENQUIRIES TO**  
Telephone: 1300 554 474 Overseas: +61 1300 554 474



X99999999999

## PROXY FORM

I/We being a member(s) of Yowie Group Ltd and entitled to attend and vote hereby appoint:

### APPOINT A PROXY

the Chairman of the Meeting (mark box)

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

STEP 1

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **10:30am (EST) on Wednesday, 24 June 2020 at The Grace Hotel, Wilarra Room (Level 2), 77 York Street, Sydney, New South Wales** (the Meeting) and at any postponement or adjournment of the Meeting.

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

### VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

#### Resolution

For Against Abstain\*

1 Approval of Capital Return to Shareholders

STEP 2



\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

STEP 3

YOW PRX2002A



## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in 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 A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:30am (EST) on Monday, 22 June 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



#### BY MAIL

Yowie Group Ltd  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138

\* During business hours (Monday to Friday, 9:00am–5:00pm)



### COMMUNICATION PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**