

ASX RELEASE | Schrole Group Limited (ASX:SCL)

Notice of General Meeting

Tuesday, 12 January 2021: Schrole Group (ASX: SCL) ('Schrole' or the 'Company'), an Australian education technology company advises that the General Meeting of the Company (**Meeting**) will be held on 12 February 2021 at 9am at Offices of the Company at, Ground Floor, 142 Hasler Road, Osborne Park, WA 6017.

In accordance with temporary modifications to the *Corporations Act 2001* (Cth) (**Corporations Act**) under the *Corporations (Coronavirus Economic Response) Determination (No.1) 2020*, the Company will not be sending hard copies of the Notice of General Meeting to shareholders (**Notice**). The Notice can be viewed and downloaded from the Company's website at schrole.edu.au.

The Directors strongly encourage all Shareholders to vote by lodging the proxy form attached to the Notice.

The Board will continue to monitor Australian Government restrictions on public gatherings. If it becomes necessary or appropriate to make alternative arrangements for the Meeting, the Company will notify shareholders accordingly via the Company's website at schrole.edu.au and the ASX announcement platform.

For and on behalf of the Board.



Ben Donovan
Company Secretary

This release has been authorised by the Company Secretary.

For further information please contact:

Schrole Group Ltd
Rob Graham
Managing Director
Schrole Group Ltd
E: investors@schrole.com
P: +61 8 9230 7000

Corporate Enquiries
Tim Chapman
Director
PAC Partners
E: tchapman@pacpartners.com.au
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SCHROLE GROUP LIMITED

ACN 164 440 859

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 9am

DATE: Friday, 12 February 2021

PLACE: Ground Floor, 142 Hasler Road, Osborne Park, WA 6017

The business of the Meeting 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 9am on Wednesday 10 February 2021.

For personal use only

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL TO MAKE SELECTIVE REDUCTION OF CAPITAL

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

“That, 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 by cancelling the 93,000,000 Shares that are held by the Recipients.”

Dated: 12 January 2021

By order of the Board

Ben Donovan
Company Secretary

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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.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9482 0500.

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. RESOLUTION 1 – APPROVAL TO MAKE SELECTIVE REDUCTION OF CAPITAL – PERFORMANCE SHARES

1.1 Background

As set out in the Company's prospectus dated 18 August 2017 (**Prospectus**), the Company issued 93,000,000 Series B Performance Shares to the majority vendors (or their nominees) of Schrole Operations Ltd (**SOL**) in partial consideration for the acquisition of 100% of the issued capital of SOL.

The Company subsequently formed the view that the required milestone for the conversion of the Series B Performance Shares (as described in the Prospectus) had been satisfied.

As such, on 27 August 2020, the Company issued an aggregate of 93,000,000 Shares on conversion of the Series B Performance Shares (**Conversion Shares**).

The Conversion Shares were issued to the following parties:

- (a) Enerly Pty Ltd ATF Stronada A/C (an entity related to Director, Mr Rob Graham);
- (b) Ms Leonie Debnam; and
- (c) Ms Morven Smith ATF Rossdhu Family A/C,

(together, the **Recipients**).

Through no admission of liability on behalf of the Company or the Recipients and following discussions with the Recipients, the Company has entered into deeds of cancellation with each of the Recipients, pursuant to which the parties have agreed that, subject to shareholder approval, the 93,000,000 Conversion Shares will be cancelled (**Cancellation Deeds**). For further background information, the Company refers Shareholders to its ASX announcements dated 23 November 2020 and its response to an ASX Query Letter dated 2 December 2020.

The purpose of Resolution 1 is to seek the requisite approval of Shareholders required under the Corporations Act for the selective reduction and cancellation of 93,000,000 Shares held by the Recipients (**Selective Capital Reduction**).

The effect of Resolution 1 will be a selective capital reduction and cancellation of 93,000,000 Conversion Shares held by the Recipients. See Section 2.3 below for further details.

Resolution 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.

1.2 Corporations Act

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;
- (b) it does not materially prejudice the Company's ability to pay its creditors; and
- (c) 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 Reduction as proposed is fair and reasonable to Shareholders for the following reasons:

- (a) the Selective Capital Reduction will only result in the cancellation of the Conversion Shares issued to the Recipients;
- (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; and
- (c) the financial effect on cash reserves of the Selective Capital Reduction on the Company will be nil as **no monetary consideration is being provided for the Selective Capital Reduction.**

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

Further, as the Selective Capital Reduction involves 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.

1.3 Summary of and Effect of Proposed Selective Capital Reduction

The overall effect of the Selective Capital Reduction is to reduce the number of Shares currently on issue from 1,473,183,763 to 1,380,183,763.

The Conversion Shares being cancelled comprise 6.31% of the total Shares currently on issue, which will result in an increase in the total percentage of Shares held by all other Shareholders.

The primary purpose of the Selective Capital Reduction is to cancel the Conversion Shares and to satisfy the requirements of the Cancellation Deeds.

The Company notes that the **Recipients will not receive consideration as part of the Selective Capital Reduction** and the Conversion Shares are fully paid ordinary shares. As such, the voting prohibition set out in Section 1.2 does not apply to this Resolution.

1.4 Interests of Directors

The Directors (other than Mr Rob Graham) do not have any material interest in the outcome of Resolution 1.

The Directors believe that the Selective Capital Reduction will not materially prejudice the Company's ability to pay its creditors because the Selective Capital Reduction is being made for nil cash consideration and will have no impact on the Company's cash reserves or its ability to meet its financial commitments.

Accordingly, the Directors (other than Mr Rob Graham) recommend that Shareholders vote in favour of Resolution 1 as they consider the proposed reduction of capital to be fair and reasonable and in the best interests of Shareholders.

1.5 Other Material Information

There is no information material to the making of a decision by a Shareholder whether or not to approve Resolution 1 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 Resolution 1 is passed by Shareholders, the Company will not make the Selective Capital Reduction until at least 14 days after lodgement of Resolution 1 with the ASIC, in accordance with the ASIC prescribed timeline for selective capital reductions.

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.

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.

Company means Schrole Group Limited (ACN 164 440 859).

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

Conversion Shares has the meaning given in Section 1.1.

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

Listing Rules means the Listing Rules of ASX.

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

Prospectus means the Company's prospectus dated 18 August 2017.

Proxy Form means the proxy form accompanying the Notice.

Recipient has the meaning given in Section 1.1.

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.

Series B Performance Shares means the Series B performance shares that were issued on the terms set out in the Prospectus.

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

Shareholder means a registered holder of a Share.

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

LODGE YOUR VOTE

**ONLINE**www.linkmarketservices.com.au**BY MAIL**Schrole 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 Schrole Group Ltd and entitled to attend and vote hereby appoint:

APPOINT A PROXY

 the Chair of the Meeting (mark box)**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chair 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 **9:00am (WST) on Friday, 12 February 2021 at Ground Floor, 142 Hasler Road, Osborne Park, WA 6017 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Chair 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 .**

Resolutions

For Against Abstain*

- 1 Approval to make Selective Reduction of Capital

 

* 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).



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" should 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.

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 **9:00am (WST) on Wednesday, 10 February 2021**, 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.



ONLINE

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) as shown on the front of the Proxy Form).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Schrole 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

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



COMMUNICATIONS 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

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.**