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**COSOL LIMITED**

**ACN 635 371 363 (COMPANY)**

**NOTICE OF GENERAL MEETING & EXPLANATORY MEMORANDUM**

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Notice is given that the General Meeting of the Company will be held as follows:

**TIME:** 10.00am (AWST)

**DATE:** 4 February 2022

**PLACE:** Boardroom

Suite 183, Level 6, 580 Hay Street Perth WA 6000

*As this is an important document, please read it carefully and in its entirety. If you do not understand it please consult your professional advisors.*

*If you are unable to attend the General Meeting, please complete the proxy form enclosed and return it in accordance with the instructions set out on that form.*

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## INTRODUCTION

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Notice is given that the General Meeting of Shareholders of the Company will be held at Suite 183, Level 6, 580 Hay Street Perth WA 6000 on 4 February 2022 commencing at 10.00am (AWST). The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice of Meeting.

The terms and abbreviations used in this Notice and Explanatory Memorandum are defined in the attached Glossary.

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## COVID-19 MEETING PROTOCOLS

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The Company advises Shareholders that the Meeting will be held to comply with the Government's recommendations in relation to gatherings of persons during the current COVID-19 situation. As at the date of this notice, Government directives and recommendations on gatherings and travel restrictions mean that some Shareholders may not be able to attend the Meeting in person. The Company therefore strongly encourages Shareholders who wish to vote on the business of the Meeting to do so by lodging a directed proxy prior to the date of Meeting as per the instructions on the Proxy Form.

Shareholders can submit any questions in advance of the Meeting by emailing them to [info@cosol.com.au](mailto:info@cosol.com.au).

The Meeting will consider only the business detailed in the Agenda below, followed by a Company update presentation made to Shareholders.

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## AGENDA

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### 1 RESOLUTION 1 – FINANCIAL ASSISTANCE BY SUBSIDIARIES OF THE COMPANY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*"That, for the purposes of section 260B(2) of the Corporations Act, the giving of financial assistance by Clarita Solutions Pty Ltd, a wholly owned subsidiary of the Company, in connection with the acquisition of all of the shares in Clarita Solutions Pty Ltd by the Company and the terms and conditions of the Company's loan facility arrangements with Bankwest Limited, in the manner described in the Explanatory Memorandum, be approved."*

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company at 5pm (AWST) on 2 February 2022.

**By Order of the Board**



**Lisa Wynne**  
Company Secretary  
5 January 2022

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## EXPLANATORY MEMORANDUM

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This Explanatory Memorandum has been prepared for the information of Shareholders of COSOL Limited (**Company**) in connection with the business to be conducted at the General Meeting of the Company to be held at Suite 183, Level 6, 580 Hay Street Perth WA 6000 on 4 February 2022 commencing at 10.00am (AWST).

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting. The purpose of this Explanatory Memorandum is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution in the Notice of Meeting.

A Proxy Form has been dispatched to Shareholders together with a letter advising Shareholders the Company is not dispatching physical copies of the Notice of Meeting and Explanatory Memorandum and where those documents are available for viewing and downloading.

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### 1 RESOLUTION 1 – FINANCIAL ASSISTANCE BY SUBSIDIARIES OF THE COMPANY

#### 1.1 Background

This section of the Explanatory Memorandum is for the purposes of section 260B(4) of the Corporations Act and contains all of the information known to the Company that is material to a Shareholder in determining whether to approve Resolution 1.

The shareholders of Clarita Solutions Pty Ltd (**Clarita**), Clarita and the Company itself are each party to a Share Purchase Agreement dated 5 November 2021 (**SPA**) pursuant to which all of the shares in the capital of Clarita were acquired by the Company (**Acquisition**).

On 22 November 2021 the Company announced it had completed the Acquisition of Clarita for an upfront consideration of \$7 million in cash and 7,951,123 full paid ordinary Shares, with a further \$3.75 million payable in cash and Shares by way of earn-out consideration.

The Company has a loan facility in place with Bankwest Ltd (**Lender**) for the provision of loan funds to the Company for acquisition and working capital purposes. The Facility was drawn down in order to pay the cash consideration to the Clarita shareholders. Following the Acquisition the Company was required by the Lender to arrange for Clarita to give a guarantee to the Lender of the obligations of the Company under the Facility and grant a general security interest to the Lender as security for the guarantee obligations (**Security**). As a part of these requirements the Lender requires the Company to seek Shareholder approval for Clarita providing that financial assistance (**Financial Assistance**).

Pursuant to section 260A(1) of the Act, Clarita and the Company, as its holding company, may financially assist a person to acquire shares in Clarita only if:

- (a) giving the assistance does not materially prejudice:
  - (i) the interests of the Company or its Shareholders; or
  - (ii) the Company's ability to pay its creditors; or
- (b) the assistance is approved by Shareholders under section 260B of the Act (as to which see paragraph (iv) below); or
- (c) the assistance is exempted under section 260C of the Act.

Financial assistance is defined very broadly and includes an entity giving a guarantee and granting a security interest over its assets and undertaking in connection with the acquisition of shares in the Company, or an entity which becomes a wholly owned subsidiary, or as security for the obligations of the buyer.

Under section 260A(2) of the Act, the Financial Assistance may be given before or after the acquisition of the Shares. Based on the timeline set out above the Financial Assistance is provided after the Acquisition.

Pursuant to section 260B of the Act, the Company must have the Financial Assistance approved by:

- (a) a special resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by the person acquiring the Shares or by their associates; or
- (b) a resolution agreed to, at a general meeting, by all of its Shareholders.

#### 1.2 Particulars of the proposed Financial Assistance

On 31 August 2020, the Company entered into the Facility Agreement (**Facility Agreement**), under which the Lender agreed to provide a loan facility (**Facility**) under the Facility Agreement. As is the case with similar funding arrangements, the Lender

requires the Company's obligations under the Facility Agreement and related finance documents, to be guaranteed and secured by certain of the Company's wholly-owned subsidiaries, which includes Clarita following the Acquisition.

The Company is the listed holding company of Clarita and therefore is required to obtain approval from its Shareholders for the Financial Assistance under Section 260B(2) of the Corporations Act in order for the Financial Assistance to be given. Following the completion of the Acquisition, the Company (as the sole shareholder of Clarita) will pass the required resolution of approval of the shareholders of Clarita for the purposes of section s260B(1) of the Corporations Act.

### **1.3 Reasons for the Financial Assistance**

The Financial Assistance is proposed because:

- (a) it is a requirement of the Lender under the Facility Agreement that, following the Acquisition, the Company procure Clarita accedes as guarantor under the Facility Agreement and provide the Security and guarantee. By acceding to the Facility Agreement and providing the Security and guarantee, Clarita may be assisting the Company to comply with its obligations under the Facility Agreement which in turn is providing Financial Assistance to acquire the shares in Clarita;
- (b) if Clarita does not give the Financial Assistance, the Company will be in breach of the Facility Agreement, which would give the Lender the right to call for all or any part of the Facility loaned to the Company under the Facility Agreement (plus accrued interest) to be immediately due and payable. This would have an adverse impact on the Company's existing cash reserves and may require refinancing or renegotiating the facilities under the Facility Agreement, which may result in more restrictive and expensive terms, which would likely impact the Company's operations; and
- (c) it is considered the giving of Financial Assistance is beneficial to all shareholders as it allows for the Acquisition to proceed in the manner it occurred.

### **1.4 Effect of the proposed Financial Assistance**

The effect of the Financial Assistance will be that:

- (a) Clarita will be a guarantor of the Company's obligations under the Facility Agreement and may be required to perform obligations of the Company in the event of defaults by the Company or another guarantor;
- (b) Clarita will provide the Security and the Lender may be entitled to enforce the Security in the event the Company or another guarantor fails to perform its obligations under the Facility Agreement;
- (c) Clarita will be required to perform and comply with the obligations under the Facility Agreement and related finance documents to the extent those documents impose obligations on Clarita.

The directors of Clarita and the Directors of the Company do not believe the giving of the Financial Assistance will have the effect of materially prejudicing the interests of the creditors or shareholders of Clarita or the Company.

### **1.5 Advantages of the proposed Financial Assistance**

If Clarita provides the Financial Assistance by granting the Security, this will allow the Company to satisfy its obligations to the Lender under the Facility Agreement.

### **1.6 Disadvantages of the proposed Financial Assistance**

- (a) The Company is already liable for the amounts due under the Facility Agreement, accordingly the Directors do not believe there are any disadvantages to the Company in the Financial Assistance being provided.
- (b) If the Financial Assistance is given, then Clarita may be liable to repay all moneys payable under the Facility Agreement. This may have an adverse impact on the financial position of Clarita in the event it is liable for the debts and obligations of the Company under the Facility Agreement. In the event of the Company defaulting, the Lender may make a demand under the Security requiring Clarita pay the amounts due under the Facility Agreement.
- (c) The operations of Clarita, including its ability to borrow money in the future from other financiers may be restricted by the Security.
- (d) However, the Directors have no reason to believe there are any prevailing circumstances the Lender making a claim against the Security is probable or likely. Accordingly, the potential disadvantages to Clarita for providing the Financial Assistance are outweighed by the advantages to the Company (and Clarita as a subsidiary) in accessing the Facility.

### **1.7 Other information material to the decision**

- (a) The Directors consider the consequences of not providing the Financial Assistance (as outlined in section 1.4) will have a far greater adverse impact on Shareholders than any potential consequence of providing the Financial Assistance (as outlined in section 1.6).
- (b) The Directors consider this section 1 of the Explanatory Memorandum contains all of the information known to the Company which would be material to Shareholders in deciding whether to approve the resolution the subject of this document, other than the information which it would be unreasonable to require the Company to include because it has been previously

disclosed to Shareholders or is otherwise within the existing knowledge of the Shareholders as the holders of all of the Shares and was considered as a part of the decision to sign the SPA.

- (c) Resolution 1 requires a Special Resolution, which means that to be passed the item needs the approval of at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

**1.8 Board Recommendation**

The Board recommends you vote in favour of Resolution 1. Each of the Directors currently intend to vote their respective shareholdings in favour of this Resolution.

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## GLOSSARY

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**\$** means Australian dollars.

**Acquisition** has the meaning ascribed to it under section 1.1 of this Explanatory Memorandum.

**AWST** means Western Standard Time as observed in Perth, Western Australia.

**Board** means the Directors acting as the board of directors of the Company or a committee appointed by such board of directors.

**Chair** or **Chairman** means the chair of the Annual General Meeting.

**Company** means COSOL Limited ACN 635 371 363.

**Constitution** means the Company's Constitution.

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

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

**Director** means a current director of the Company.

**Explanatory Memorandum** means the Explanatory Memorandum accompanying the Notice of Meeting.

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

**Facility** has the meaning ascribed to it under section 1.2 of this Explanatory Memorandum.

**Facility Agreement** has the meaning ascribed to it under section 1.2 of this Explanatory Memorandum.

**Financial Assistance** has the meaning ascribed to it under section 1.1 of this Explanatory Memorandum.

**Lender** means Bankwest, a division of Commonwealth Bank of Australia.

**Notice** or **Notice of Meeting** means the notice of meeting which forms part of this Explanatory Memorandum.

**Proxy Form** means the enclosed appointment of proxy form.

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

**Section** means a section contained in this Explanatory Memorandum.

**Security** has the meaning ascribed to it under section 1.1 of this Explanatory Memorandum.

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

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

**SPA** has the meaning ascribed to it under section 1.1 of this Explanatory Memorandum.



**COSOL LIMITED**  
 ABN 66 635 371 363

**LODGE YOUR VOTE**

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

**BY MAIL**  
 COSOL Limited  
 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  
 Parramatta Square, Level 22, Tower 6,  
 10 Darcy Street, Parramatta NSW 2150; or  
 Level 12, 680 George Street, Sydney NSW 2000

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



**X99999999999**

**PROXY FORM**

I/We being a member(s) of COSOL Limited and entitled to participate in 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 **10:00am (AWST) on Friday, 4 February 2022 at Suite 183, Level 6, 580 Hay Street Perth WA 6000 (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

**Resolutions**

**For    Against    Abstain\***

1 Financial Assistance by Subsidiaries of the Company

      

**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**

**COS PRX2201A**



## 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 **10:00am (AWST) on Wednesday, 2 February 2022**, 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 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](http://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

COSOL Limited  
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\*  
Parramatta Square  
Level 22, Tower 6  
10 Darcy Street  
Parramatta NSW 2150

or

Level 12  
680 George Street  
Sydney NSW 2000

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

**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.**