

MAGGIE BEER HOLDINGS LTD
ACN 092 817 171

Notice of Extraordinary General Meeting

Explanatory Statement and Proxy Form

Date of Meeting:
Thursday 20 May 2021

Time of Meeting:
9.00 am (AEST)

Place of Meeting:
Hall & Wilcox
Level 11 Rialto South Tower
525 Collins Street
Melbourne VIC

This Notice of Meeting and Explanatory Statement is an important document and should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay.

MAGGIE BEER HOLDINGS LTD

ACN 092 817 171

Registered Office: 2 Keith Street, Tanunda, South Australia, 3532

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an extraordinary general meeting of Shareholders of Maggie Beer Holdings Ltd (the "Company") will be held at Hall & Wilcox, Level 11 Rialto South Tower, 525 Collins Street, Melbourne VIC 3000 at 9.00 am (AEST) on Thursday 20 May 2021 ("Meeting").

If you cannot attend the Meeting in person, we encourage you to complete and lodge the Proxy Form which accompanies this Notice in accordance with the instructions on the form.

The Explanatory Statement and Proxy Form which accompany and form part of this Notice, including defined terms, describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the Proxy Form in their entirety.

ITEMS OF BUSINESS

Item 1: Approval of the issue of the Upfront Consideration Shares to the Vendors pursuant to the Proposed Acquisition (Resolution 1)

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

'That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of 28,571,429 Shares to each of the Vendors (or their nominee(s)) (57,142,858 Shares in total) as the Upfront Consideration Shares under the Proposed Acquisition, on the terms and conditions set out in the Explanatory Statement accompanying this Notice.'

Item 2: Approval of the issue of the Earn Out Shares to the Vendors pursuant to the Proposed Acquisition (Resolution 2)

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

'That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of the Earn Out Shares to each of the Vendors (or their nominee(s)) under the Proposed Acquisition, on the terms and conditions set out in the Explanatory Statement accompanying this Notice.'

Item 3: Ratification of the agreement to issue Shares under the Placement (Resolution 3)

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

'That, for the purposes of Listing Rule 7.4 and for all other purposes, approval is given for the issue of 31,142,858 Shares (at an issue price of \$0.35 per Share) to various sophisticated and professional investors under the Placement, on the terms and conditions set out in the Explanatory Statement accompanying this Notice.'

Item 4: Approval of the participation by Mr Reg Weine in the Placement (Resolution 4)

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

'That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue to Mr Reg Weine, a Director of the Company, (or his nominee(s)) of a total of 500,000 Shares (at an issue price of \$0.35 per Share) under the Placement, on the terms and conditions set out in the Explanatory Statement.'

BY ORDER OF THE BOARD



Sophie Karzis
Company Secretary
20 April 2021

Notes

1. **Entire Notice:** The details of the Resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Record Date:** The Company has determined, in accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), that for the purposes of the Meeting, the Company's shares will be taken to be held by the persons who are registered Shareholders of the Company, as at **7:00 p.m. (Melbourne Time) on Tuesday 18 May 2021**. Accordingly, those persons are entitled to attend and vote (if not excluded) at the Meeting. Transactions recorded after that time will be disregarded in determining Shareholder entitlements to attend and vote at the Meeting.
3. **Required majority:** Each Resolution proposed in items 1 to 4 is an ordinary resolution and each will be passed if more than 50% of the votes cast by Shareholders entitled to vote on the Resolution are cast in favour of the Resolution.
4. **Proxies**
 - a. A Shareholder entitled to attend and vote at the Meeting may appoint a proxy. A Proxy Form is enclosed with this Notice of Meeting.
 - b. A proxy may be an individual or a body corporate.
 - c. A person appointed as proxy need not be a Shareholder.
 - d. If a Shareholder is a company, it must execute the Proxy Form under its common seal or otherwise in accordance with its constitution or the Corporations Act.
 - e. Where a Shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.
 - f. If a Shareholder appoints two proxies, and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise half of the votes (fractions will be disregarded). If a Shareholder appoints two proxies, neither proxy may vote on a show of hands.
 - g. A Proxy Form must be signed by the Shareholder or his or her attorney who has not received any notice of revocation of the authority.
 - h. To be valid, the Proxy Form and the power of attorney or other authority (if any) under which it is signed, or a certified copy of any such power of attorney or other authority must be:
 - i. deposited at the Company's Share Registry, Boardroom Pty Limited, located at Level 12, 225 George Street, Sydney NSW 2000;
 - ii. received by post to the Company's Share Registry, GPO Box 3993, Sydney NSW 2001;
 - iii. successfully transmitted by facsimile to the Company's Share Registry on +61 2 9290 9655; or
 - iv. deposited at or received by post to the registered office of the Company, at 2 Keith Street, Tanunda, South Australia, 3532, no later than 48 hours before the commencement of the Meeting, this is no later than 9.00 am (Melbourne Time) on Tuesday 18 May 2021. Any proxy received after that time will not be valid for the scheduled Meeting.
 - i. For online voting, refer to <https://www.votingonline.com.au/mbhegm2021>.

5. Corporate Representative

A corporate Shareholder will need to appoint a representative to exercise the powers that the corporate Shareholder may exercise pursuant to section 250D of the Corporations Act. A corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The form of certificate of appointment can be obtained from the Share Registry of the Company, Boardroom Pty Ltd, by visiting <https://boardroomlimited.com.au/investor-forms/>. If a corporate representative is to attend the Meeting, the authority must be sent to the Company and/or Share Registry in advance of the Meeting or produced prior to admission to the Meeting.

6. Voting Exclusion Statements

Resolution 1

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of the Upfront Consideration Shares (except a benefit solely by reason of being a holder of ordinary securities in the Company); and
- an associate of such person.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of the behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 2

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of the Earn Out Shares (except a benefit solely by reason of being a holder of ordinary securities in the Company); and
- an associate of such person.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of the behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 3

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a person who participated in the Placement; and
- an associate of such person.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of the behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 4

The Company will disregard any votes in favour of this Resolution by or on behalf of:

- (a) Mr Reg Weine;
- (b) any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities); and
- (c) an associate of a person referred to in paragraph (a) or (b).

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of the behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. Appointing the Chairman of the Meeting as Proxy

The Proxy Form accompanying this Notice contains detailed instructions regarding how to complete the Proxy Form if a Shareholder wishes to appoint the Chairman as their proxy. You should read those instructions carefully.

The Chairman of the Meeting intends to exercise all available proxies by voting **in favour of** each Resolution.

8. Enquiries

Shareholders are invited to contact the Company Secretary by email at sk@legalc.com.au if they have any queries in respect of the matters set out in these documents.

EXPLANATORY STATEMENT

This Explanatory Statement accompanies and forms part of the Notice of Meeting dated 20 April 2021 ("**Notice**"). This Explanatory Statement has been prepared to assist Shareholders to understand the items of business to be put to Shareholders at the Meeting. It is an important document. Please read it carefully and if you are in any doubt as to how to vote, seek advice from your accountant, financial adviser or other professional advisor.

Background to Proposed Acquisition

Target Company and Business

As announced on 30 March 2021, the Company has entered into the Share Purchase Deed to acquire all of the issued capital in the Target Company, which will operate the Business (following a restructure being undertaken by the current owners of the Business prior to completion under the Share Purchase Deed). The Business comprises two e-commerce offerings, being:

- The Hamper Emporium, which seeks to provide premium quality goods at an affordable price, by utilising a combination of own-brand and high-margin third party products.
- Gifts Australia, which currently warehouses and sells over 1,300 products and experiences, and is integrating a partnership with Viator (part of the TripAdvisor group) that will allow it to provide 190 new products and launch another 500 new experiences.

Strategic rationale for the Proposed Acquisition

Growing its e-commerce and direct to consumer business is a key part of MBH's strategic plan. The strategic rationale for the Proposed Acquisition is as follows:

- **E-commerce capability**

The Proposed Acquisition would open up the following e-commerce and direct to consumer opportunities for the Company:

- MBH can leverage the Business' e-commerce capabilities to drive MBH's e-commerce sales growth so that it forms a material revenue component of the Group;
- create a true omni-group channel for the Group; and
- ability to grow its e-commerce offer internationally.

- **Distribution and digital marketing opportunity**

The Proposed Acquisition would open up opportunities in connection with the Company's distribution and marketing functions to:

- relocate MBH's current e-commerce business to the Business' Sydney based distribution centre, to leverage the Business' well established direct-to-customer distribution capabilities, which could provide improved delivery times, same day delivery options, expanded offerings and increased efficiencies;
- leverage the Business' experienced Digital Marketing team's capabilities to increase its e-commerce presence and better utilise the Company's 60,000 Maggie Beer Food Club Members, 287,000 Instagram followers, 115,000 Facebook followers and 2.1 million website visits per annum.; and
- grow through the combined digital enhancement strategies.

- **New product development**

The Proposed Acquisition would open up opportunities for the Company to:

- combine the new product expertise of the Target Company team together with the Company's new product research and development function to create new innovative hamper products and offerings to broaden market opportunities and grow market share; and
- utilise the Target Company's premium third party suppliers to create new Maggie Beer Products lines and create new lines exclusive to the MBH and the Target Company to differentiate from competitors in the market place.

- **Integration benefits**

Given the synergies of the Business and the Company's strategy, the group could realise the following integration benefits following the Proposed Acquisition:

- combined packaging expertise, better customer solutions/experience and buying power;

- key Maggie Beer Products food and beverage items could be integrated into the current Target Company hamper range, increasing group revenue and lifting the profile of the Target Company's hampers with the Maggie Beer Products premium brand;
- the opportunity to increase the Company's chilled hamper offering and establish a cheese and wine hamper offering for the Target Company, with Maggie Beer Products entertaining lines; and
- the Target Company could leverage the Company's operations and supply chain expertise.
- **Cross sell into existing and new customer base**

The Company could realise cross-selling benefits through the following channels:

 - the Maggie Beer Food Club and social media base, combined with the Target Company's membership base, creates a powerful collective where cross-selling opportunities are evident whilst retaining the individuality of each business unit;
 - cross-selling opportunities between the Hamper Emporium and Gifts Australia business units have not yet been explored;
 - combined retail expertise of the group could allow expansion of key gifting lines into specialty retail.
- **Key team and alignment of interests**
 - There is strong alignment from the vendors to the future growth of the combined business through employment, scrip and escrow arrangements. The long earn out and escrow periods show the belief and commitment of the Vendors to the future growth of the Target Company and the MBH Group.
 - Key highly engaged management team of the Target Company are contracted to remain with the Business for at least the next 2 years, and are incentivised to do so through participation in the Company's incentive schemes.
- **Financial returns**
 - The deal gives financially compelling returns for Shareholders and the acquisition is earnings per share accretive.

The Company has conducted legal, financial and e-commerce due diligence investigations on the Target Company and its Business, which gives the Company confidence that the Proposed Acquisition is in the best interests of the Company and its Shareholders.

Overview and material terms of the Proposed Acquisition

Under the Share Purchase Deed, the Company will purchase all of the shares in the Target Company (which will then become a wholly owned subsidiary of the Company). The purchase price to be paid to the Vendors is separated into an upfront amount and an earn out component to be paid to the Vendors only if the Business meets certain EBITDA targets.

The initial upfront purchase price to be paid to the Vendors under the Proposed Acquisition will be:

- (a) \$20 million in cash (**Upfront Cash Consideration**); and
- (b) \$20 million worth of Shares (**Upfront Consideration Shares**) calculated at a price of \$0.35 per Share.

The Vendors will also be entitled to an additional earn out component of the purchase price if the Target Company achieves certain EBITDA milestones in the 2023 Financial Year, comprising:

- (a) up to a maximum of \$7.5 million in cash (**Earn Out Cash Amount**); and
- (b) up to a maximum of \$7.5 million worth of Shares (**Earn Out Shares**) (calculated based on 20-day VWAP of the Company's shares prior to 30 June 2023 or a price of \$0.35 per Share, whichever is higher),

with the total earn out amount comprising 50% Earn Out Cash Amount and 50% Earn Out Shares.

The EBITDA milestones that must be met in the 2023 Financial Year for the Vendors to receive the Earn Out Shares and Earn Out Cash Amount are as follows:

- (a) in order for the Vendors to be entitled to the first \$10 million of the earn out (being \$5 million as an Earn Out Cash Amount and \$5 million in Earn Out Shares), the Target Company must achieve EBITDA of \$10 million (on a normalised basis); and
- (b) for each additional \$1 million EBITDA achieved by the Target Company (on a normalised basis), the Vendors will be entitled to an additional \$1 million of the earn out (being 50% as an Earn Out Cash Amount and 50% in Earn Out Shares).

Following the issue of the Upfront Consideration Shares, it is anticipated that the Vendors will, in aggregate, hold approximately 16% of the Company's shares on issue.

The Upfront Consideration Shares will be subject to a voluntary escrow arrangement between the Company and the Vendors, pursuant to which the Vendors will be prohibited from disposing or otherwise dealing with:

- (a) 50% of the Upfront Consideration Shares, from the date of issue until the earlier of:
 - (i) the date of release of the Company's financial statements to ASX for the financial year ending 30 June 2022; and
 - (ii) 31 October 2022; and
- (b) the remaining 50% of the Upfront Consideration Shares, from the date of issue until the earlier of:
 - (i) the date of release of the Company's financial statements to ASX for 2023 Financial Year; and
 - (ii) 31 October 2023.

Completion of the Proposed Acquisition under the Share Purchase Deed is conditional on the satisfaction of the following key conditions (among other conditions):

- (a) completion of a pre-transaction restructure, following which all the assets of the Business are owned by the Target Company (as the Business is currently owned by the Vendors under an alternative structure);
- (b) Shareholders approving the issue of the Upfront Consideration Shares and the Earn Out Shares to the Vendors (being the passing of Resolutions 1 and 2) ;
- (c) completion of the Capital Raise;
- (d) certain nominated key employees entering into new employment agreements with the Target Company;
- (e) ASX providing its written consent to the Proposed Acquisition;
- (f) no material adverse change in the Business occurring; and
- (g) no material adverse change to the Company occurring.

In the event that any of these conditions is not satisfied or waived by 31 May 2021, completion of the Proposed Acquisition may not occur. The Share Purchase Deed may also be terminated, such that the Proposed Acquisition would not proceed, in limited other circumstances (for example, if there is a breach of a fundamental warranty by the Company or a Vendor).

Under the Share Purchase Deed, the Vendors are restricted from:

- (a) engaging in a business that competes with or is similar to the Business in Australia or New Zealand or any part of Asia;
- (b) soliciting or persuading a customer of the Business to stop or reduce its business;
- (c) inducing or persuading an employee of the Business (or a person who later becomes an employee of the Company) to cease their employment; or
- (d) accepting any business of the kind ordinarily forming part of the Business from a customer of the Business.

The periods for which each of the above restraints operates is ten years throughout Australia (each subject to the enforceability at law), except limb (a) above, which operates in Australia, New Zealand and Asia.

Funding the Proposed Acquisition

The Company will fund the Upfront Cash Consideration using the capital raised by way of the Capital Raise, which comprises the Placement and the ANREO, and which is expected to raise approximately \$30 million in total. In addition to satisfying the \$20 million Up Front Cash Consideration, the funds raised under the Capital Raise will also be used for the working capital needs of the Business following completion of the Proposed Acquisition, and to meet the Company's costs of the Proposed Acquisition. Any earn out payable to the Vendors in the event that the relevant EBITDA milestones are met by the Target Company is expected to be funded using operating cash flow.

Placement

On 30 March 2021, the Company announced to the ASX the successful closing of a \$10.9 million Placement of Shares to new and existing institutional and sophisticated investors. The Placement involved the issue of 31,142,858 Shares at the price of \$0.35 per Share. Shareholder ratification of the agreement to issue Shares under the Placement is sought under Resolution 3 in accordance with Listing Rule 7.4.

Entitlement offer

On 30 March 2021, the Company announced to the ASX that it would be undertaking an accelerated non-renounceable entitlement offer to raise approximately \$19.1 at the price of \$0.35 per Share, underwritten by Bell Potter. As announced to the ASX on 1 April 2021, the institutional accelerated component of the ANREO was successfully completed, raising \$9.5 million. The Retail Offer component of the ANREO has also been commenced by the Company, and is expected to raise approximately \$9.6 million.

Resolutions

Resolution 1: Approval of the issue of the Upfront Consideration Shares to the Vendors

As set above, the Company has entered into the Share Purchase Deed in respect of the Proposed Acquisition, pursuant to which the Company has agreed to issue the Up Front Consideration Shares to the Vendors as 50% of the initial up front consideration for the purchase of 100% of the shares in the Target Company.

Under Resolution 1, the Company seeks approval to issue the Upfront Consideration Shares to the Vendors pursuant to the terms of the Proposed Acquisition without using its 15% annual placement capacity under Listing Rule 7.1.

Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue equity securities during any 12 month period exceeding 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period, unless it obtains approval from its shareholders or an exemption applies.

The issue of the Upfront Consideration Shares does not fit within any of the exceptions to Listing Rule 7.1 and if it were not approved by the Shareholders, would use up a substantial part of the Company's 15% limit in Listing Rule 7.1. This would reduce the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of the issue of the Upfront Consideration Shares. In addition, the agreement by the Company to issue the Up Front Consideration Shares and the Earn Out Shares under the Share Purchase Deed would, in aggregate, exceed the Company's 15% placement capacity if Shareholder approval was not obtained.

To ensure that the Company can issue the Upfront Consideration Shares to the Vendors at completion of the Proposed Acquisition, Resolution 1 seeks Shareholder approval of the issue of the Upfront Consideration Shares under and for the purposes of Listing Rule 7.1.

If Resolution 1 is passed, the Upfront Consideration Shares will be excluded in calculating the Company's 15% placement capacity limit under Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the date of the issue of the Upfront Consideration Shares.

If Resolution 1 is not passed, the Upfront Consideration Shares and the Earn Out Shares (given the Company has entered into an agreement to issue these Shares at a later date, subject to the satisfaction of certain conditions) will be included in calculating the Company's 15% placement capacity limit under Listing Rule 7.1. This would mean that the Proposed Acquisition would not proceed in accordance with the current terms, as the Company could not proceed to issue the Up Front Consideration Shares and the Earn Out Shares (if each Vendor becomes entitled to those Shares) in accordance with the Share Purchase Deed.

Specific information required under Listing Rule 7.3

The following information is provided in relation to the issue of the Upfront Consideration Shares in accordance with Listing Rule 7.3:

- (a) The Company intends to issue 57,142,858 Shares under Listing Rule 7.1 as Upfront Consideration Shares in connection with the Proposed Acquisition (with the number of Upfront Consideration Shares to be issued determined at a price of \$0.35 per Share).
- (b) The Upfront Consideration Shares will be issued to David Morgan and Emily McWaters (or their

nominee(s)), being the Vendors under the Proposed Acquisition.

- (c) The Upfront Consideration Shares will be issued upon completion of the Proposed Acquisition, which is expected to be with five business days of the Meeting and in any event no later than three months after the Meeting.
- (d) The consideration that the Company will receive for the issue of the Upfront Consideration Shares is 100% of the shares in the Target Company, pursuant to the Share Purchase Deed. The Upfront Cash Consideration (and also potentially the earn out component of the purchase price) will also be paid by the Company.
- (e) The purpose of the issue of the Upfront Consideration Shares is to fund 50% of the initial up front consideration for the purchase of the Target under the Proposed Acquisition.
- (f) A summary of the material terms of the Share Purchase Deed, under which the Upfront Consideration Shares are being issued, is set out above.

Board Recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 1.

Resolution 2: Approval of the issue of the Earn Out Shares to the Vendors

As set out above, the Company has entered into Share Purchase Deed in respect of the Proposed Acquisition, pursuant to which the Company has agreed to issue the Earn Out Shares to the Vendors (subject to the Target Company meeting certain EBITDA milestones) as 50% of the earn out component of the consideration for the purchase of the Target Company. The earn out component of the consideration consists of the Earn Out Cash Amount and the issue of the Earn Out Shares.

Under Resolution 2, the Company seeks approval to issue the Earn Out Shares to the Vendors pursuant to the terms of the Proposed Acquisition after the conclusion of the 2023 Financial Year, without using its 15% annual placement capacity under Listing Rule 7.1. ASX has granted a waiver from Listing Rule 7.3.4 such that the Earn Out Shares do not need to be issued within three months of the date of the Meeting in the event that Shareholder approval of Resolution 2 is obtained, subject to the following conditions:

- (a) The Earn Out Shares are issued no later than 31 March 2024, being approximately 35 months from the date of the completion of the acquisition by the Company of all the issued capital of HGA.
- (b) For any annual reporting period during which any of the Earn Out Shares have been issued or any of them remain to be issued, the Company's annual report sets out the number of Earn Out Shares issued in that annual reporting period, the number of Earn Out Shares that remain to be issued and the basis on which the Earn Out Shares may be issued.
- (c) In any half year or quarterly report for a period during which any of the Earn Out Shares have been issued or remain to be issued, the Company must include a summary statement of the number of Earn Out Shares issued during the reporting period, the number of Earn-out Shares that remain to be issued and the basis on which the Earn Out Shares may be issued.
- (d) This Notice contains the full terms and conditions of the Earn Out Shares as well as the conditions of the waiver granted by ASX.

Listing Rule 7.1

A summary of Listing Rule 7.1 is set out above in connection with Resolution 1.

Resolution 2 seeks Shareholder approval of the issue of the Earn Out Shares under and for the purposes of Listing Rule 7.1.

If Resolution 2 is passed, the Earn Out Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the date of the issue of the Earn Out Shares.

If Resolution 2 is not passed, the agreement to issue the Earn Out Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1. This would mean that the Proposed Acquisition could not proceed in accordance with the current terms, as the Company could not proceed to issue the Up Front Consideration Shares and the Earn Out Shares (if each Vendor becomes entitled to those Shares) in accordance with the Share Purchase Deed.

Specific information required under Listing Rule 7.3

The following information is provided in relation to the issue of the Earn Out Shares in accordance with Listing Rule 7.3:

- (a) The number of Shares that the Company seeks to issue under Listing Rule 7.1 as Earn Out Shares in connection with the Proposed Acquisition is no more than 21,428,572 Shares. As set out above, the maximum value of the Earn Out Shares is \$7.5 million and the number of Earn Out Shares to be issued to the Vendors will be calculated based on the higher of the 20-day VWAP of the Shares prior to 30 June 2023 and \$0.35 per Share.
- (b) The Earn Out Shares will be issued to David Morgan and Emily McWaters (or their nominee(s)), being the Vendors under the Proposed Acquisition.
- (c) The Earn Out Shares will be issued after the conclusion of 2023 Financial Year in accordance with the waiver from Listing Rule 7.3.4 that has been granted by ASX (which would ordinarily require the Company to issue the shares that are the subject of the approval within three months of the date of that approval), subject to the conditions set out above.
- (d) The consideration that the Company will receive for the issue of the Earn Out Shares is 100% of the shares in the Target Company, pursuant to the Share Purchase Deed. The Earn Out Shares will only be issued if the Target Company meets certain EBITDA milestones, as set out above. The upfront consideration (and also potentially the cash component of the earn out) will also be paid by the Company.
- (e) The purpose of the issue of the Earn Out Shares is to fund 50% of the earn out component for the purchase of the Target Company under the Proposed Acquisition.
- (f) A summary of the material terms of the Share Purchase Deed under which the Earn Out Shares are being issued is set out above.

Board Recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 2.

Resolution 3: Shareholder ratification of agreement to issue Shares under Placement

On 30 March 2021, the Company announced to the ASX the successful closing of a \$10.9 million Placement to new and existing institutional and sophisticated investors. The Placement involved the issue of 31,142,858 Shares at the price of \$0.35 per Share. The Placement was undertaken by the Company pursuant to its available 15% placement capacity under Listing Rule 7.1.

Shareholder ratification of the issue of the Shares under the Placement is sought under Resolution 3 in accordance with Listing Rule 7.4.

Listing Rules 7.1 and 7.4

A summary of Listing Rule 7.1 is set out above in relation to Resolution 1.

The Placement does not fit within any of the exceptions to Listing Rule 7.1 and, as it has not yet been approved by the Shareholders, it uses up part of the Company's 15% placement capacity limit in Listing Rule 7.1. This reduces the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of the Placement.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. To this end, Resolution 3 seeks Shareholder approval of the Placement under and for the purposes of Listing Rule 7.4.

If Resolution 3 is passed, the Placement will be excluded in calculating the Company's 15% placement capacity limit under Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the date of the Placement.

If Resolution 3 is not passed, the Placement will be included in calculating the Company's 15% placement capacity limit under Listing Rule 7.1, decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of the Placement, and potentially reducing its

ability to raise capital.

Specific information required under Listing Rule 7.5

The following information is provided in relation to the issue of Shares under the Placement in accordance with Listing Rule 7.5:

- (a) The Company has issued 31,142,858 Shares under Listing Rule 7.1 in connection with the Placement. The Shares issued under the Placement are fully paid ordinary shares and rank equally in all respects with the Company's other Shares on issue.
- (b) The price at which the Company has agreed to issue the Shares under the Placement is \$0.35 per Share.
- (c) The allottees of the Shares were new and existing sophisticated and institutional investors sourced by the leader manager to the Capital Raise, Bell Potter, in accordance with the allocation policy that applied to the Placement.
- (d) Shares issued under the Placement were issued on 12 April 2021.
- (e) Funds raised from the Placement will be used to:
 - (i) provide the Company with funds for the upfront cash consideration for the Proposed Acquisition;
 - (ii) cover the costs incurred by the Company in connection with the Proposed Acquisition; and
 - (iii) provide the Company with additional working capital for the continued operation of the Target Company.

Board Recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 3.

Resolution 4: Shareholder approval of participation by Mr Reg Weine in the Placement

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 500,000 Shares under the Placement to raise a total of \$175,000 from Mr Reg Weine (or his nominee(s)). Mr Weine is a related party of the Company under the Listing Rules and Corporations Act, as he is a Director.

The Shares to be issued to Mr Weine will be issued on exactly the same terms as the other institutional and sophisticated investors under the Placement, except that his Shares cannot be issued unless and until Shareholder approval is obtained.

Chapter 2E of the Corporations Act

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.

The issue of the Shares constitutes giving a financial benefit, and as noted above, Mr Weine is a related party of the Company.

The Directors (other than Mr Weine) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Shares to be issued under the Placement because the Shares are being issued on arm's length terms on the basis that they are being issued on exactly the same terms as Shares issued to the other institutional and sophisticated investors (who are not related parties of the Company) under the Placement.

Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to a related party unless it obtains the approval of its shareholders to do so.

The issue of Shares to Mr Weine under the Placement falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of the Company's Shareholders under Listing Rule 10.11.

Resolution 4 seeks the approval of Shareholders to issue Shares to Mr Weine under the Placement under and for the purposes of Listing Rule 10.11.

If Resolution 4 is passed, the Company will be able to proceed with issuing Shares to Mr Weine under the Placement, and the funds raised from him will be used for the purposes set out below.

If Resolution 4 is not passed, the Company will not be able to proceed with issuing Shares to Mr Weine under the Placement, and will not receive the funds that would otherwise have been raised from the issue of Shares to him.

Information required by Listing Rule 10.13

The following information is provided in relation to the issue of Shares under the Placement in accordance with Listing Rule 10.13:

- (a) Mr Reg Weine is a related party of the Company and falls within Listing Rule 10.11.1 based on his position as a Director.
- (b) The number of Shares that the Company has agreed to issue to Mr Weine in connection with the Placement is 500,000 Shares. The Shares to be issued to Mr Weine are fully paid ordinary shares and rank equally in all respects with the Company's other Shares on issue.
- (c) The price at which Shares are to be issued under the Placement is \$0.35 per Share, and the total consideration that will be paid by Mr Weine will consequently be \$175,000.
- (d) The Shares will be issued to Mr Weine on or around the date of the Meeting (but only after the Meeting has been held and Resolution 4 passed), and in any event no later than one month after the date of the Meeting.
- (e) Funds raised from the Placement will be used to:
 - (i) provide the Company with funds for the upfront cash consideration for the Proposed Acquisition;
 - (ii) cover the costs incurred by the Company in connection with the Proposed Acquisition; and
 - (iii) provide the Company with additional working capital for the continued operation of the Target Company.

Board Recommendation

The Board (other than Mr Reg Weine, who has abstained from providing a recommendation) recommends that Shareholders vote in favour of Resolution 4.

GLOSSARY

The following terms have the following meanings in this Notice:

“\$” means Australian Dollars.

“**2023 Financial Year**” means the financial year ending 30 June 2023.

“**ANREO**” means accelerated non-renounceable entitlement offer.

“**ASX**” means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires.

“**Board**” means the Directors acting as the board of Directors of the Company.

“**Business**” means The Hamper Emporium and Gifts Australia businesses (and other associated businesses) to be owned and operated by the Target Company following a restructure being undertaken by the Vendors prior to completion under the Share Purchase Deed, described in further detail on page 6 of the Explanatory Statement.

“**Capital Raise**” means the Placement and ANREO that are being undertaken by the Company in connection with the Proposed Transaction.

“**Chairman**” means the person appointed to chair the Meeting of the Company convened by the Notice.

“**Company**” means Maggie Beer Holdings Ltd ACN 092 817 171.

“**Constitution**” means the constitution of the Company as at the date of the Meeting.

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

“**Director**” means a director of the Company.

“**David Morgan**” means David Morgan Investments Pty Ltd ACN 110 889 382 as trustee for the David Morgan Investments Trust.

“**Earn Out Shares**” means the Shares issued to the Vendors as part of the earn out component of the purchase price under the Proposed Acquisition, to be issued if the Target Company achieves certain milestones in the 2023 Financial Year.

“**EBITDA**” means the earnings of the Business before interest, tax, depreciation and amortisation.

“**Emily McWaters**” means Emily McWaters Investments Pty Ltd ACN 127 527 066 as trustee for the Emily McWaters Investments Trust.

“**Explanatory Statement**” means the explanatory statement which forms part of the Notice.

“**Lead Manager**” means Bell Potter Securities Limited ACN 006 390 772.

“**Listing Rules**” means the Listing Rules of the ASX.

“**Meeting**” has the meaning given in the introductory paragraph of this Notice.

“**Notice**” means this Notice of Meeting including the Explanatory Statement.

“**Placement**” means the share placement to new and existing institutional and sophisticated investors undertaken by the Company in connection with the Proposed Transaction.

“**Proposed Acquisition**” means the proposed acquisition by the Company of all the issued share capital in the Target Company.

“**Proxy Form**” means the proxy form attached to this Notice.

“**Resolution**” means a resolution referred to in this Notice.

“**Retail Offer**” means the retail component of the ANREO.

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

“**Share Purchase Deed**” means the share purchase deed entered into by the Company and the Vendors in respect of the Proposed Acquisition dated 30 March 2021.

“**Shareholder**” means shareholder of the Company.

“**Target Company**” means Hampers and Gifts Australia Pty Ltd ACN 648 399 222.

“**Trading Day**” means a day determined by ASX to be a trading day in accordance with the Listing Rules.

“**Upfront Consideration Shares**” means the Shares that will be issued to the Vendors as part of the initial upfront purchase price under the Proposed Acquisition.

“**Vendors**” means David Morgan and Emily McWaters as the vendors of the Target Company.

“**VWAP**” means volume weighted average price.

QUESTIONS FROM SHAREHOLDERS

Your questions are important to us. Please use this form to submit any questions about Maggie Beer Holdings Ltd that you would like us to respond to at the Meeting. Your questions should relate to matters that are relevant to the business of the Meeting.

Questions will be collated and we will respond to as many of the more frequently asked questions as possible at the Meeting. Please note that we will not be able to reply individually.

Shareholder's name:

Address:

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Securityholder Reference Number (SRN) or Holder Identification Number (HIN):

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Question:

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This form should be received by the Company's Share Registry, Boardroom Pty Ltd, in the reply envelope provided or emailed to sk@legalc.com.au by 17 May 2021 to assist in a considered response at the Meeting.

All Correspondence to:

✉ **By Mail:** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 9:00am (AEST) on Tuesday 18 May 2021.**

🖥 TO VOTE ONLINE

- STEP 1: VISIT** <https://www.votingonline.com.au/mbhegm2021>
STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)
STEP 3: Enter your Voting Access Code (VAC):

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities 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.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **9:00am (AEST) on Tuesday 18 May 2021**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 💻 **Online** <https://www.votingonline.com.au/mbhegm2021>
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Maggie Beer Holdings Limited

ACN 092 817 171

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Maggie Beer Holdings Limited** (Company) and entitled to attend and vote hereby appoint:

☐

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 (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Extraordinary General Meeting of the Company to be held at **Hall & Wilcox, Level 11 Rialto South Tower, 525 Collins Street, Melbourne VIC 3000 on Thursday, 20 May, 2021 at 9:00am (AEST)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

STEP 2 VOTING DIRECTIONS

* 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 vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Approval of the issue of the Upfront Consideration Shares to the Vendors pursuant to the Proposed Acquisition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of the issue of the Earn Out Shares to the Vendors pursuant to the Proposed Acquisition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of agreement to issue Shares under the Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of participation by Mr Reg Weine in the Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2021