

GREENFERN INDUSTRIES LIMITED
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS 2022

Greenfern Industries Limited (**GFI** or the **Company**) hereby gives you notice that the annual meeting of shareholders of the Company (the **Meeting**) will be held at 10:00 a.m. on 22 September 2022 at HQ 125, 125 Queen Street, Auckland CBD, Auckland 1010.

It is currently intended that the Meeting will be held in-person only. However, the Company is closely monitoring the circumstances in New Zealand relating to the COVID-19 pandemic. In the event of any significant developments, including if the Company is not permitted to hold a physical meeting due to COVID-19 restrictions on gatherings in Auckland on the date of the Meeting, the Meeting will proceed as an online-only meeting. In such circumstances, the Company will provide shareholders of the Company (**Shareholders**) with as much notice as is reasonably practicable by way of announcement to the NZX and on the Company's website at <https://gfi.nz/>.

AGENDA

A. Chairman's address and Managing Director's address

Chairman, Brent King, and Managing Director, Dan Casey, will provide an overview of the Company's performance for the year ended 31 March 2022 and the trading performance and strategy for the current financial year. There will be an opportunity for Shareholders to ask questions after the addresses.

B. Resolutions

To consider and, if thought fit, pass the following ordinary resolutions:

Resolution 1 – Auditor fees and expenses

"That the directors of the Company be authorised to fix the fees and expenses of Crowe New Zealand Audit Partners as the Company's auditor."

Resolution 2 – Election of Daniel Casey

"That Daniel Casey be elected as a director of the Company."

Resolution 3 – Election of Kirsten Taylor

"That Kirsten Taylor be elected as a director of the Company."

Resolution 4 – Election of Marvin Yee

"That Marvin Yee be elected as a director of the Company."

Resolution 5 – Payment of Director fees through issue of shares

"That the current maximum aggregate amount of remuneration payable by the Company to Directors of NZ\$350,000 per annum may, at the Board's discretion, in whole or in part, be through an issue of Equity Securities (as that term is defined in the Listing Rules) in the Company, provided that the issue is in compliance with Listing Rule 4.7."

To consider and, if thought fit, to pass the following special resolutions:

Resolution 6 – Extension of Cannvalate Agreement

"That, for the purposes of section 129 of the Companies Act and Listing Rules 4.2.1 and 5.2.1, the Company's entry into, and performance of the transactions contemplated by, the Cannvalate Agreement, including the issue of ordinary shares to Cannvalate upon the achievement of stated milestones, the issue of work orders under the Cannvalate Agreement, and the Company's entry into all associated and related agreements, transactions and matters and taking all other actions that are reasonably necessary to exercise its rights and perform its obligations under the Cannvalate Agreement (in each case, on the terms set out in the accompanying Explanatory Notes) be approved."

Resolution 7 – Issue of shares pursuant to Rights Issue

"That, for the purposes of section 129 of the Companies Act, the Shareholders approve the issue of up to NZ\$5 million of new ordinary shares pursuant to the Rights Issue on the terms set out in the accompanying Explanatory Notes (which terms require an issue price not lower than the price equal to a 50% discount to the 30-day VWAP price prior to the Rights Issue being made and the consideration for and terms of the issue to be, in the Board's opinion, fair and reasonable to the Company and to all existing Shareholders)."

The Directors not associated with Cannvalate unanimously recommend that Shareholders vote in favour of all Resolutions.

C. General business and Shareholder discussion

To consider any other matters that may be brought properly before the Meeting.

By order of the Board

Date: 22 August 2022

Brent King

Chairman, Greenfern Industries Limited

Ends

This Notice of Meeting is an important document and requires your immediate attention. It should be read in its entirety. It has been prepared to advise you of the forthcoming Meeting and to assist you in understanding the Resolutions to be put to Shareholders for consideration at the Meeting. The Directors encourage you to read this Notice of Meeting and exercise your right to vote.

If you do not understand any part of this document or are in doubt as to how to deal with it, you should consult your broker or other professional adviser as soon as possible.

Please call Dan Casey at Greenfern Industries Limited on +64 27 420 2476 if you have any queries about the Resolutions or this Notice of Meeting.

PROCEDURAL NOTES AND IMPORTANT INFORMATION

Explanatory Notes

Explanatory notes for the Resolutions are set out on pages 5 to 13 of this Notice of Meeting.

A Glossary of terms used throughout this Notice of Meeting is included in Appendix Two.

Proxies

Any Shareholder who is entitled to attend and vote at the Meeting may appoint a proxy to attend and vote at the Meeting. A proxy does not need to be a shareholder of the Company. If you appoint a proxy, you may either direct your proxy how to vote for you on some or all resolutions or you may give your proxy discretion to vote as he or she sees fit. If you wish to give your proxy discretion, then you must mark the appropriate boxes on the form to grant your proxy that discretion. If you do not tick any box for a particular resolution, then the proxy will vote or abstain from voting as he or she sees fit.

If, in appointing a proxy, you do not name a person as your proxy but otherwise complete the proxy form in full, or your named proxy does not attend the Meeting, the Chairman of the Meeting will act as your proxy and may only vote in accordance with your express direction.

The Chairman of the Meeting (who will be Brent King and, in his absence, a Director other than Darryl Davies) is willing to act as proxy for any shareholder who wishes to appoint him. To appoint the Chairman, simply enter "The Chairman of the Meeting" in the space allocated in 'Step 1' of your proxy form.

If the Chairman of the Meeting is appointed as a proxy and you have given your proxy discretion to vote as he sees fit, the Chairman of the Meeting will vote in favour of all Resolutions (other than Resolution 5). In respect of Resolution 5, the "Voting restrictions" below apply and, accordingly, the Chairman of the Meeting may only act as your proxy and vote in accordance with your express instructions for Resolution 5.

Shareholders can elect to submit their proxies online or return their form to our Share Registrar, Computershare Investor Services Limited.

To appoint your proxy and vote online, please visit www.investorvote.co.nz. Follow the prompts to complete your proxy appointment and vote.

If you wish to email or mail the proxy form, please send it to our Share Registrar, Computershare Investor Services Limited, at:

corporateactions@computershare.co.nz

*Computershare Investor Services Limited
Private Bag 92119
Auckland 1142
New Zealand*

The completed proxy form must be received by our Share Registrar no later than 10:00 a.m. on 20 September 2022 (being 48 hours before the Meeting). Any proxy form received after that time will not be valid for the Meeting.

Ordinary resolutions

All Resolutions other than Resolutions 6 and 7 are ordinary resolutions. An ordinary resolution is a resolution that is approved by a simple majority of the votes of those Shareholders that are entitled to vote and voting on the resolution.

Special resolution

Resolutions 6 and 7 are special resolutions. A special resolution is a resolution passed by a majority of 75% of the votes of Shareholders that are entitled to vote and voting on the resolution.

Voting

Voting entitlements for the Meeting will be determined as at 5:00 p.m. (New Zealand time) on 20 September 2022. Registered Shareholders at that time will be the only persons entitled to vote

at the Meeting and only the shares in the Company registered in those Shareholders' names at that time may be voted at the Meeting.

The Chairman of the Meeting will require voting at the Meeting to be conducted by poll as required by the Listing Rules.

Voting restrictions

No Director nor any of his or her Associated Persons is entitled to vote, appoint a proxy or exercise discretionary proxies in respect of Resolution 5, in accordance with Listing Rule 6.3.1.

Neither Cannvalate nor any of its Associated Persons (including Darryl Davies) is entitled to vote, appoint a proxy or exercise discretionary proxies in respect of Resolution 6, in accordance with Listing Rule 6.3.1.

Discretionary proxies given to persons disqualified from voting will not be valid.

Minority Buy-out Rights

If Resolution 6 or 7 is passed and any Shareholder has cast all the votes attached to the shares registered in that Shareholder's name and having the same beneficial owner against that Resolution, then that Shareholder is entitled to require the Company to purchase those shares in accordance with section 110 of the Companies Act (**Minority Buy-out Rights**).

If Minority Buy-out Rights are validly exercised by any Shareholders, the Companies Act provides for the Company to acquire (or procure the acquisition of) the relevant shares at a fair and reasonable price as at the close of business on 21 September 2022 (being the day before the date of the Meeting), disregarding any value attributable to the shares from the Cannvalate Agreement.

Appendix One to this Notice of Meeting sets out the procedure for Minority Buy-out Rights. Shareholders who become entitled to exercise Minority Buy-out Rights are strongly encouraged to first seek independent professional advice from a financial adviser.

More information

If you have any questions, or for more information, please contact Dan Casey at Greenfern Industries Limited on +64 27 420 2476.

EXPLANATORY NOTES

Resolution 1 – Auditor fees and expenses

1. Crowe New Zealand Audit Partners are automatically reappointed at the Meeting as the auditor of the Company under section 207T of the Companies Act. Section 207S of the Companies Act provides that, if the auditor is appointed at a meeting of the Company, the fees and expenses of the auditor must be fixed by the Company at the Meeting or in the manner that the Company determines at the Meeting. Resolution 1 accordingly authorises the Directors to fix the fees and expenses of the auditor for the financial year ending 31 March 2023.

Resolution 2 – Election of Daniel Casey

2. Daniel (Dan) Casey is a founder and shareholder of the Company and was first appointed as a Director in June 2018. Dan was most recently re-elected by the Board as Managing Director of the Company on 7 July 2021, prior to Listing.
3. In accordance with the Listing Rules, Dan retires as Director at the Meeting but, being eligible, offers himself for election as a Director at the Meeting. The Board unanimously supports Dan's election and considers Dan to be a non-independent Director as he is an executive officer and substantial Shareholder.

Dan Casey

Founder and Managing Director

Non-independent

Dan has a background in project management and civil engineering within the civil construction sector and has over 15 years industry experience, both in New Zealand and abroad. Dan is experienced in all facets of the project lifecycle of large-scale developments and capital works and has previously directly managed multiple and concurrent project portfolios up to the value of \$30 million. His passion and ability to lead large and diverse teams has seen him become a successful leader within both privately and publicly owned companies. He intends to leverage his networks and their expertise in the procurement, scheduling and delivery of all facility builds for Greenfern as well as driving the overall delivery of the long-term business strategies. Dan is based in Taranaki with his wife and three children and as Managing Director, Dan is ultimately responsible for the overall management of the business to ensure that it delivers on shareholder and client expectations.

Resolution 3 – Election of Kirsten Taylor

4. Kirsten Taylor was appointed as a Director by the Board on 16 August 2021, prior to Listing. In accordance with the Listing Rules, Kirsten retires as a Director at the Meeting but, being eligible, offers herself for election as a Director at the Meeting. The Board unanimously supports Kirsten's election and considers her to be an independent Director.

Kirsten Taylor

Independent, non-executive Director

Kirsten Taylor is an experienced company owner, CEO, specialist consultant, author, and Board Member of not-for-profit organisations. She is a qualified Medical Herbalist, Naturopath, Nutritionist, and specialist in Natural Fertility and Homeobotanical medicine. Seven years of clinical practice experience led Kirsten to develop an award-winning range of science-based sleep and stress formulations, with the company she created, SleepDrops International, becoming the top selling sleep category brand in NZ pharmacies and health stores and winner of multiple awards including Best Emerging Business at the Westpac Business Awards in 2014. In 2015, Kirsten was appointed to the board of the Auckland Business Chamber of Commerce and she became a trustee for the Auckland Children's Santa Parade Trust in 2017. Kirsten's extensive experience of governance, business, marketing and product innovation enables her to bring a wealth of expertise to this role.

Resolution 4 – Election of Marvin Yee

5. Marvin Yee was appointed as a Director by the Board on 12 October 2021, prior to Listing. In accordance with the Listing Rules, Marvin retires as a Director at the Meeting but, being eligible, offers himself for election as a Director at the Meeting. The Board unanimously supports Marvin's election and considers him to be an independent Director.

Marvin Yee

Independent, non-executive Director

Marvin Yee is the principal of Crown Financial Services which undertakes Funds Management and Private Equity. Outside New Zealand, Crown Financial Services has operations in the United States, Singapore and Australia. Marvin's area of expertise is in transactional banking and private equity.

His investment experience includes technology, fintech, medtech and the crafting of financial instruments. He is also a partner of Crown Private, a global investment syndicate with investments in over 95 countries and investor members from over 18 countries. Marvin sits on a number of company boards both in New Zealand, Australia, the United States, Malaysia and Singapore. A graduate from Auckland and Massey University, he has an MBA specialising in accounting and finance and a BA in politics. He is a Past Chairman of the New Zealand Young Professionals and a Past President of the Rotary Club of Birkenhead.

Resolution 5 – Payment of Director fees through issue of shares

6. Prior to Listing, the Shareholders approved a maximum aggregate amount of remuneration payable by the Company to Directors of NZ\$350,000 per annum. As permitted by Listing Rule 4.7, the Company may issue shares in the Company to a Director if, among other things, the issue is made to satisfy Director remuneration and the relevant ordinary resolution approving that remuneration provides that such remuneration may, in whole or in part, be through an issue of Equity Securities (as defined in the Listing Rules). Resolution 5, accordingly, seeks Shareholder approval for Director remuneration, in whole or in part, to be satisfied through an issue of Equity Securities. If Resolution 5 is passed, the Company will have the flexibility to satisfy Director remuneration through an issue of shares in the Company, which will allow the Company to conserve cash and to create greater alignment of interest with Shareholders (as recognised by the commentary to Recommendation 5.2 of the NZX Corporate Governance Code). If the Company uses this flexibility, Shareholders should be aware that Listing Rule 4.7 requires that:
- (a) the issue of shares in the Company is made after the end of the period to which that remuneration is payable; and
 - (b) the issue price of the shares in the Company is not less than the Average Market Price (as defined in the Listing Rules) before the issue is made.
7. The remuneration is to be paid and allocated to Directors as the Board considers appropriate. The current remuneration payable per annum is:
- (a) Director base fee of NZ\$30,000;
 - (b) Chairman's fee equal to the Director base fee of NZ\$30,000 plus a 50% premium (so, a total of NZ\$45,000); and
 - (c) chair of subcommittee fee equal to a 25% premium on the Director base fee of NZ\$30,000 (so, an additional fee of NZ\$7,500).

Resolution 6 – Extension of Cannvalate Agreement

Background

8. On 3 September 2021, prior to Listing, the Company and Cannvalate entered into the Cannvalate Agreement pursuant to which the Company issues work orders to Cannvalate for the manufacture of medicinal cannabis products, which are sold and distributed by Cannvalate, but under the Company's GFI Pharma brand, to pharmacies in Australia.

9. Cannvalate also manufactures and distributes its own product range and provides a substantial share of the medicinal cannabis products currently prescribed in Australia.
10. Under the Cannvalate Agreement, and in addition to the manufacture and distribution of Products, Cannvalate also lawfully obtains and sells to the Company, **Deidentified Data** (being anonymised patient data of a type usually obtained by a medical practitioner) in respect of each Patient.
11. Pursuant to the existing terms of the Cannvalate Agreement, the Company issued work orders to Cannvalate in respect of 4,000 units of Product. On 10 January 2022, the Company and Cannvalate entered into a non-binding term sheet to amend the Cannvalate Agreement (the **January Term Sheet**). The Company announced the key terms of the January Term Sheet on 10 January 2022 in its announcement titled "Greenfern announces Cannvalate transaction", including a term requiring a single issuance of shares in the Company to Cannvalate of a value of \$900,000, being the issuance of 3,333,333 shares in the Company at 27 cents per share. On 20 April 2022, the Company and Cannvalate entered into a further non-binding term sheet to amend the Cannvalate Agreement (the **April Term Sheet**), which replaced the January Term Sheet. The Company announced the key terms of the April Term Sheet on 21 April 2022 in its announcement titled "Greenfern announces Cannvalate Transaction update". The key differences between the January Term Sheet and the April Term Sheet are that, in the latter, the issuance of shares in the Company to Cannvalate of a value of \$900,000 is to be undertaken at the 90-day VWAP price at the time of issue and that the Company would issue \$150,000 of shares for every 1,000 New Patients. On 20 June 2022, the Company and Cannvalate entered into an agreement amending the Cannvalate Agreement, the terms of which are consistent with both the April Term Sheet and the 21 April 2022 announcement. These amended terms are described in paragraphs 14 to 21 below.
12. The Company's transactions with Cannvalate (being work orders in respect of 4,000 units of Product, and acquiring A\$225,000 of product from Cannvalate outside the Cannvalate Agreement as also referenced in the 21 April 2022 announcement) do not constitute a Material Transaction because certain of those work orders were placed prior to Listing and the remaining transactions did not reach the threshold amounts for a Material Transaction.¹ Accordingly, the relevant transactions with Cannvalate did not previously require the Company to obtain Shareholder approval. However, the Company expects to issue further work orders under the Cannvalate Agreement for at least a further 2,000 to 4,000 units of Product. Subsequent further work orders may be issued depending on Patient demand. The number of such subsequent further work orders and, accordingly, the number of units of Product covered by those work orders is not capped under the Cannvalate Agreement. Put another way, the maximum size of the Company's transactions with Cannvalate under the Cannvalate Agreement cannot be quantified and will depend on how successful the Cannvalate arrangements are in future. The extent of that success will depend on many commercial variables including Patient demand, the mix of Products sold, the shelf life for Product, the Licence Fee for the different Products, the Price for the Services for different Products, the extent to which First Repeat Sales are made and the mix of New Patient Sales, First Repeat Sales and Second or Subsequent Repeat Sales. Based on the number of units of Product sold to Patients to date, and allowing for a modest increase in that historical sales rate, the Company expects that its transactions with Cannvalate would give rise to a Material Transaction sometime between April 2023 and June 2023 and, accordingly, require Shareholder approval as further described in paragraphs 24 to 30 below.
13. There is currently no specified end date to the Cannvalate Agreement.

¹ In particular, the Company's relevant transactions with Cannvalate:

- (a) did not involve the Company incurring obligations of an amount in excess of 10% of the Company's Average Market Capitalisation; and
- (b) did not involve the Company paying a Price for Services in a financial year likely to exceed an amount equal to 1% of the Company's Average Market Capitalisation.

Payment of fees under the Cannvalate Agreement

14. Under the Cannvalate Agreement, the Company pays Cannvalate a price for the manufacturing and distribution services that Cannvalate provides (the **Price for the Services**), and a price for the Deidentified Data (the **Price for Deidentified Data**).
15. The Price for the Services is the reasonable cost price to Cannvalate of arranging for the manufacture of the Products.
16. The Price for Deidentified Data obtained in relation to sales of Products to New Patients is A\$300 per Basket, with A\$150 to be paid in cash by the Company on Cannvalate delivering the Deidentified Data relating to the New Patient Sale, and with the balance of A\$150 to be paid if and when a First Repeat Sale is made. Where the New Patient Sale consists of more than one unit of Product, the full amount of A\$300 will be charged on the initial visit by the New Patient.
17. The Price for Deidentified Data in relation to sales of Products to a Patient as a Second or Subsequent Repeat Sale is 20% of the sale price (excluding GST) of the Basket to the Pharmacy.
18. Cannvalate also pays the Company a licence fee (the **Licence Fee**) for the use of the GFI Pharma brand and other intellectual property of the Company in connection with the services provided by Cannvalate under the Cannvalate Agreement. The Licence Fee per unit of Product is equal to the price at which that Product is sold by Cannvalate to the relevant Pharmacy. The price at which Product is sold by a Pharmacy to a Patient typically ranges between A\$143 to A\$195 per unit of Product.

Issue of new shares to Cannvalate

19. Under the Cannvalate Agreement, and subject to approval of Shareholders, Cannvalate will aim to achieve at least 6,000 New Patients. For each 1,000 New Patients achieved by Cannvalate on or before 20 April 2024 (the **Milestone Date**), the Company will be required to issue to Cannvalate NZ\$150,000 of ordinary shares in the Company (the **Performance Shares**) at the 90-day VWAP price at the time of issue, up to an aggregate of NZ\$900,000 of Performance Shares for 6,000 New Patients. The Milestone Date is not the end date of the Cannvalate Agreement (which end date is currently not specified).
20. If Cannvalate achieves 6,000 New Patients before the Milestone Date, the Company and Cannvalate are to discuss in good faith whether, and if so what, milestones are to apply for achieving additional New Patients. Those discussions could result in amendments to the Cannvalate Agreement requiring further Shareholder approval. All Performance Shares must be issued on terms identical to, and ranking pari passu with, all the Company's ordinary shares on the date of issue of the Performance Shares.
21. As announced on 21 April 2022, based on work orders already placed by the Company under the existing Cannvalate Agreement, the Company has already issued NZ\$150,000 worth of Performance Shares (of the maximum total of NZ\$900,000) to satisfy in advance a first milestone of 1,000 New Patients (with provision for a pro rata refund in cash or equity should that milestone not be achieved by the Milestone Date).

Section 129 Companies Act (major transaction approval)

22. Shareholder approval by special resolution is required for the Company to issue further work orders as described in paragraph 12 above on account of section 129 of the Companies Act, which requires that a major transaction for the purposes of that section must be approved by a special resolution of Shareholders. For Cannvalate to achieve the 6,000 New Patient aim before the Milestone Date, the Company will be required to issue further work orders and, accordingly, under that scenario the Company would expect to incur obligations or liabilities that have a value that is greater than half the value of the Company's assets² before the issue of such work orders. Therefore, the Company would be entering a major transaction for the purposes of section 129 of the Companies Act.

² As at 31 March 2022, the value of the Company's assets was NZ\$3,920,291.

23. In respect of those Shareholders who vote against Resolution 6, section 110 of the Companies Act gives those Shareholders certain rights to require the Company to purchase their shares in the Company, if Resolution 6 is passed. The right to have shares purchased must be exercised by the dissenting Shareholder giving written notice to the Company within 10 business days of passing of Resolution 6. Appendix One to this Notice of Meeting sets out the procedure in more detail.

Listing Rule 5.2.1

24. Shareholder approval by ordinary resolution is also required for the Company's transactions with Cannvalate (including to issue further work orders) as described in paragraph 12 above on account of Listing Rule 5.2.1. Listing Rule 5.2.1 requires shareholder approval of a Material Transaction if a Related Party is or is likely to become a direct party to that Material Transaction. Based on the number of units of Product sold to Patients to date, and allowing for a modest increase in that historical sales rate, the Company expects that its transactions with Cannvalate would give rise to a Material Transaction sometime between April 2023 and June 2023 because, when aggregated with existing relevant transactions with Cannvalate:
- (a) they would involve the Company incurring obligations of an amount in excess of 10% of the Company's Average Market Capitalisation; and/or
 - (b) they would involve the Company paying a Price for Services in a financial year likely to exceed an amount equal to 1% of the Company's Average Market Capitalisation.
25. It is difficult to provide certainty on when these thresholds might be exceeded because:
- (a) of the many commercial variables, including Patient demand, the mix of Products sold, the shelf life for Product, the Licence Fee for the different Products, the Price for the Services for different Products, the extent to which First Repeat Sales are made, and the mix of New Patient Sales, First Repeat Sales and Second or Subsequent Repeat Sales; and
 - (b) the Company's Average Market Capitalisation is highly variable.
26. Because of the restrictions imposed on the Company by Listing Rule 5.2.1, the Company has not entered into any transactions with Cannvalate since its acquisition of A\$225,000 of product from Cannvalate outside the Cannvalate Agreement as described in paragraph 12 above. However, existing Product continues to be prescribed for which the Company is required to pay the Price for Deidentified Data on the basis set out in paragraphs 16 and 17 above.
27. Cannvalate is a Related Party of the Company because, at the time of the Material Transaction, it is an Associated Person of Darryl Davies, a Director, on account of him both being a director of Cannvalate and having a material direct or indirect economic interest in Cannvalate (other than receiving reasonable director's fees or executive remuneration).

Listing Rule 4.2.1

28. Shareholder approval by ordinary resolution is also required in relation to the issue of the Performance Shares under Listing Rule 4.2.1, which requires the precise terms and conditions of the issue to be approved.
29. The key terms of the issue of the Performance Shares to Cannvalate pursuant to the Cannvalate Agreement are as set out in paragraphs 19 to 21 above.
30. Pursuant to Listing Rule 4.2.2, the approval of Shareholders to the issue of the Performance Shares to Cannvalate (if Resolution 6 is passed) will apply for a period of 12 months from the date of the Meeting. The Company will be required to seek further approval of Shareholders if any Performance Shares are required to be issued to Cannvalate under the Cannvalate Agreement after that date.

Voting intentions

31. Each of the following Shareholders has advised that he intends to vote in favour of Resolution 6:
- (a) Dan Casey, holding 10.19% of the total number of voting rights;

- (b) Brent King, holding or controlling 4.09% of the total number of voting rights;
 - (c) Philip Brown, holding or controlling 4.19% of the total number of voting rights;
 - (d) John Hussey, holding 14.49% of the total number of voting rights; and
 - (e) Marvin Yee, holding or controlling 2.17% of the total number of voting rights.
32. Together, these Shareholders hold 36.51% of the total number of voting rights able to be voted on Resolution 6 (since neither Cannvalate nor any of its Associated Persons (including Darryl Davies) is entitled to vote on this Resolution).

Consequences if Resolution 6 not approved

33. If Resolution 6 is not approved, the Company will be required to limit the number of Products available to be prescribed to Patients, and limited in submitting further work orders, or issuing further shares, to Cannvalate under the Cannvalate Agreement – that will consequently limit the ability of the Company to expand its presence and brand recognition for, and to generate revenue from sales of, the Products in Australia.

Independent Appraisal Report

34. As the transactions contemplated by the Cannvalate Agreement require Shareholder approval under Listing Rules 4.2.1 and 5.2.1, the Company is required to obtain an appraisal report for the purposes of Listing Rules 7.8.5 and 7.8.8 (the **Appraisal Report**).
35. Simmons Corporate Finance Limited (the **Appraiser**) has prepared the Appraisal Report and a copy of the Appraisal Report accompanies this Notice of Meeting.
36. Section 1.6 of the Appraisal Report contains the following summary of the Appraiser's evaluation of fairness of the terms and conditions Cannvalate Agreement, including the issue of the Performance Shares:

"In our opinion, after having regard to all relevant factors, the terms and conditions of the Cannvalate Agreement are fair to the Non-associated Shareholders."

We encourage all Shareholders to read the Appraisal Report that accompanies this Notice of Meeting in full.

Resolution 7 – Issue of shares pursuant to Rights Issue

Background

37. As outlined in the Company's annual report for the year ended 31 March 2022 (the **Annual Report**), the Company has forecast a net cash outflow for the Group (as defined in the Annual Report) for the next 12 months, requiring the Company to raise capital for the Group to remain solvent. As outlined in the Annual Report, the Company has forecast a requirement to raise a minimum of NZ\$2.3 million net of transaction costs.
38. To meet the Group's anticipated capital needs, the Board intends, and is accordingly seeking Shareholder approval, to raise up to NZ\$5 million of new capital within the following parameters:
- (a) capital is to be raised pursuant to a pro-rata offer conducted in accordance with Listing Rules 4.3 and 4.4 (the **Rights Issue**). As part of the Rights Issue, the Company is permitted to place any shortfall in the pro-rata offer (the **Shortfall Shares**), provided that the price, terms and conditions are not materially more favourable to the person to whom they are issued than the pro-rata offer and the issue of the Shortfall Shares is completed within three months of the close of that offer. The Company may explore different channels to place the Shortfall Shares, including one or more equity crowdfunding platforms and/or via Sharesies;
 - (b) the shares offered under the Rights Issue (the **New Shares**) will be issued in consideration for cash paid by investors and on terms identical to, and ranking pari passu with, the Company's ordinary shares;
 - (c) the issue price of the New Shares (the **Issue Price**) cannot be lower than the price equal to a 50% discount to the 30-day VWAP price prior to the Rights Issue being

made. The Board has not set a numeric Issue Price as the minimum Issue Price because, if it were to do so and the Company's share price were to decline to, or below, that minimum Issue Price prior to the Rights Issue being made, the Company would likely be unable to conduct a successful Rights Issue;

- (d) as required by the Companies Act, the consideration for and terms of the issue of New Shares (including the Issue Price) must, in the Board's opinion, be fair and reasonable to the Company and to all existing Shareholders; and
 - (e) the Rights Issue is not underwritten.
39. The final amount to be allotted under the Rights Issue will depend on the demand received from investors. The Board encourages Shareholders to participate in the Rights Issue.
40. Investors participating in the Rights Issue will be subject to the Takeovers Code in that, in broad terms and pursuant to the "fundamental rule" of the Takeovers Code, a person who holds or controls:
- (a) no voting rights, or less than 20% of the voting rights, in the Company may not become the holder or controller of an increased percentage of the voting rights in the Company unless, after the allotment of New Shares to that person, that person and that person's associates hold or control in total not more than 20% of the voting rights in the Company;
 - (b) 20% or more of the voting rights in the Company may not become the holder or controller of an increased percentage of the voting rights in the Company, including through the allotment of New Shares to that person,
- unless the person complies with an exception to the fundamental rule such as if the allotment of New Shares to that person is approved by an ordinary resolution of the Company in accordance with the Takeovers Code.
41. The Company will update Shareholders on its capital raising plans (including the Rights Issue) in accordance with the requirements of the Listing Rules.

Dilutionary impact of the Rights Issue

42. The Rights Issue will, if approved, have a potentially material dilution effect in relation to each Shareholder's shareholding in the Company. The number of shares each Shareholder has in the Company will remain unchanged, but the percentage of shares that the Shareholder holds in the Company will be reduced because of the dilutionary effect. The potential dilution effects of the Rights Issue, together with the issue of the Performance Shares to Cannvalate as described in paragraphs 19 to 21 above, are set out in the tables that follow. These tables have been prepared on the following assumptions:
- (a) the Issue Price is \$0.08304380, being a 50% discount to the 30-day VWAP price as at 16 August 2022 (being the latest practicable date prior to the date of this Notice of Meeting). As disclosed in paragraph 38(c) above, it is possible for the Issue Price to be lower than \$0.08304380 if the 30-day VWAP price prior to the Rights Issue being made is lower. If that is so, a Shareholder will suffer greater potential dilution effects than what is set out in the tables that follow; and
 - (b) the maximum number of Performance Shares to be issued under the Cannvalate Agreement (equivalent to NZ\$750,000) has been calculated using an issue price per Performance Share of NZ\$0.15049978, being the 90-day VWAP price as at 16 August 2022 (being the latest practicable date prior to the date of this Notice of Meeting).³

Total ordinary shares on issue as at the date of this Notice of Meeting	85,838,043
-------------------------------------------------------------------------	------------

³ The basis on which Performance Shares are to be issued to Cannvalate under the Cannvalate Agreement (including the number to be issued) is described in paragraphs 19 to 21 above.

Maximum number of Performance Shares to be issued under the Cannvalate Agreement	4,983,396
Maximum number of New Shares to be issued under the Rights Issue	60,209,189

Effect on an example Shareholder:

Pre-Rights Issue percentage based on a holding of 4,291,902 shares in the Company	5%
Post-Rights Issue percentage assuming the example Shareholder does not participate in the Rights Issue and: (a) the maximum number of Performance Shares is issued to Cannvalate; and (b) the maximum number of New Shares is issued under the Rights Issue (i.e., the Rights Issue raises NZ\$5 million in gross proceeds).	2.84%
Post-Rights Issue percentage assuming the example Shareholder does not participate in the Rights Issue and: (a) no further Performance Shares are issued to Cannvalate; and (b) the maximum number of New Shares is issued under the Rights Issue (i.e., the Rights Issue raises NZ\$5 million in gross proceeds).	2.94%
Post-Rights Issue percentage assuming the example Shareholder does not participate in the Rights Issue and: (a) the maximum number of Performance Shares is issued to Cannvalate; and (b) half of the maximum number of New Shares is issued under the Rights Issue (i.e., the Rights Issue raises NZ\$2.5 million in gross proceeds).	3.55%
Post-Rights Issue percentage assuming the example Shareholder does not participate in the Rights Issue and: (a) no further Performance Shares are issued to Cannvalate; and (b) half of the maximum number of New Shares is issued under the Rights Issue (i.e., the Rights Issue raises NZ\$2.5 million in gross proceeds).	3.70%

Section 129 Companies Act (major transaction approval)

43. Shareholder approval by special resolution is required for the Company to raise new capital and to issue the New Shares in the manner described in paragraphs 37 to 39 above on account of section 129 of the Companies Act, which requires that a major transaction for the purposes of that section must be approved by a special resolution of Shareholders. If the Company raises NZ\$1.96 million or more via the Rights Issue, the Company would likely be acquiring assets (in the form of cash), the value of which is more than half the value of the company's assets⁴ before the Rights Issue. Therefore, the Company would, by conducting the Rights Issue, be entering a major transaction for the purposes of section 129 of the Companies Act.

⁴ As at 31 March 2022, the value of the Company's assets was NZ\$3,920,291.

44. In respect of those Shareholders who vote against Resolution 7, section 110 of the Companies Act gives those Shareholders certain rights to require the Company to purchase their shares in the Company, if Resolution 7 is passed. The right to have shares purchased must be exercised by the dissenting Shareholder giving written notice to the Company within 10 business days of passing of Resolution 7. Appendix One to this Notice of Meeting sets out the procedure in more detail.

Consequences if Resolution 7 not approved

45. As stated in the Annual Report, the Board has considered the going concern assumption of the Company, for the 12 months from the date of signing the financial statements provided in the Annual Report, to be reliant on the success of the Rights Issue. If Resolution 7 is not approved, the Company's ability to raise capital would be heavily constrained. In particular the maximum amount that could be raised by the Company pursuant to the Rights Issue would be approximately NZ\$1.96 million.
46. If the Company fails to raise the minimum amount of \$2.3 million under the Rights Issue (being the amount of new capital that the Board has determined is needed to enable the Group to meet its capital needs over the next 12 months), the Group will need to explore other capital raising options to meet any shortfall (such as a placement or debt funding). There can be no assurance that any such other capital raising options will be successful. The Company has had discussions with potential parties who might provide such other capital and those discussions will likely be ongoing so that the Company is not wholly reliant on the Rights Issue. If the Company fails to raise the minimum amount of \$2.3 million (whether under the Rights Issue or otherwise), it will likely not remain solvent and therefore the ability of the Group to continue as a going concern will be materially and adversely affected.

APPENDIX ONE - MINORITY BUY-OUT RIGHTS

The information in this Appendix contains information about the ability of shareholders, who vote against Resolution 6 or 7, to require the Company to acquire their shares in accordance with section 110 of the Companies Act.

1. Shareholders may require Company to purchase shares

Section 110 of the Companies Act provides that where:

- (a) a shareholder is entitled to vote on a major transaction; and
- (b) the shareholders approve the resolution approving the major transaction; and
- (c) a shareholder (**Dissenting Shareholder**) casts all the votes attached to shares registered in that Dissenting Shareholder's name and having the same beneficial owner against the resolution approving the major transaction,

that Dissenting Shareholder is entitled to require the Company to purchase those shares held by the Dissenting Shareholder in accordance with the provisions of the Companies Act.

2. Notice requiring purchase

Section 111 of the Companies Act provides that the Dissenting Shareholder may, within 10 working days of the passing of the resolution at the meeting of shareholders, give a written notice to the Company requiring the Company to purchase those shares.

Within 20 working days of the Company receiving the Dissenting Shareholder's notice, the Board of the Company must:

- (a) agree to the purchase of the shares by the Company; or
- (b) arrange for some other person to agree to purchase the shares; or
- (c) apply to the Court for an order under section 114 or section 115 of the Companies Act; or
- (d) arrange, before taking the action concerned, for the special resolution approving the major transaction to be rescinded in accordance with section 106 of the Companies Act or decide in the appropriate manner not to take the action concerned, as the case may be; and
- (e) give written notice to the Dissenting Shareholder of the Board's decision regarding its proposed course of action.

3. Price for shares to be purchased by Company determined

Within 5 working days of the Board giving the notice referred to above in paragraph (e) above, the Board must give to the Dissenting Shareholder written notice of the price the Company offers to pay for those shares.

The price the Company intends to pay for the Dissenting Shareholder's shares must be a fair and reasonable price (as at the close of business on the day before the date on which the resolution was passed) for the Dissenting Shareholder's shares, calculated as follows:

- (a) first, the fair and reasonable value of the total shares in each class to which the shares belong must be calculated (the **Class Value**);
- (b) secondly, each Class Value must be adjusted to exclude any fluctuation (whether positive or negative) in the Class Value that has occurred (whether before or after the resolution was passed) that was due to, or in expectation of, the event proposed or authorised by the resolution;
- (c) thirdly, a portion of each adjusted Class Value must be allocated to the Dissenting Shareholder in proportion to the number of shares the Dissenting Shareholder's holds in the relevant class.

However, a different methodology from that set out above may be used to calculate the fair and reasonable price for the shares if using the methodology set out in those paragraphs would be clearly unfair to the Dissenting Shareholder or the Company.

The written notice to the Dissenting Shareholder must state how paragraphs (a) to (c) above was calculated or why using this methodology was clearly unfair to the Company or the Dissenting Shareholder.

The Dissenting Shareholder may object to the price offered by the Board for the shares by giving written notice to the Company no later than 10 working days after the date on which the Board gave written notice to the Dissenting Shareholder. If the Company does not receive an objection to the price, the Company must purchase all the Dissenting Shareholder's shares at the nominated price no later than 10 working days after:

- (a) the date on which the Board's offer is accepted; or
- (b) if the Board has not received an acceptance, the date that is 10 working days after the date on which the Board gave written notice to the Dissenting Shareholder.

The time periods above do not apply if there is a written agreement between the Board and the Dissenting Shareholder that specifically sets a different date for purchase of the Dissenting Shareholder's shares.

4. Price for shares referred to arbitration if shareholder objects to price

If the Company receives an objection to the price offered for the shares:

- (a) the following issues must be submitted to arbitration:
 - (i) the fair and reasonable price for the shares, on the basis set out in section 112(2) and (3) of the Companies Act; and
 - (ii) the remedies available to the Dissenting Shareholder or the Company in respect of any price for the shares that differs from that determined by the Board; and
- (b) the Company must, within 5 working days of receiving the objection, pay to the Dissenting Shareholder a provisional price in respect of each share equal to the price offered by the Board.

If the price determined by the arbitrator for the Dissenting Shareholder's shares:

- (a) exceeds the provisional price paid, the arbitrator must order the Company to pay the balance owing to the Dissenting Shareholder; or
- (b) is less than the provisional price paid, the arbitrator must order the Dissenting Shareholder to pay the excess to the Company.

Except in exceptional circumstances, an arbitrator must award interest on any balance owing or excess to be paid.

If a balance is owing to the Dissenting Shareholder, an arbitrator may award to the Dissenting Shareholder, in addition to or instead of an award of interest, damages for loss attributable to the shortfall in the initial payment.

Any sum that must be paid in accordance with the arbitrator's decision must be paid no later than 10 days after the date of the arbitrator's determination, unless the arbitrator specifically orders otherwise.

5. Timing of transfer of shares

On the day on which the Board gives notice that the Board agrees to the purchase of the Dissenting Shareholder's shares by the Company, the legal title to those shares passes to the Company and the rights of the Dissenting Shareholder in relation to those shares end.

6. Purchase of shares by third party

Where the Company agrees to arrange a third party to purchase the shares, the provisions set out in paragraphs 3 to 5 above apply (subject to such modifications as may be necessary) to that purchase of the shares.

Every Dissenting Shareholder whose shares are purchased through a third party pursuant to such an arrangement is indemnified by the Company in respect of loss suffered by reason of the failure

by the third party who has agreed to purchase the shares to purchase them at the price nominated or fixed by arbitration, as the case may be.

APPENDIX TWO - GLOSSARY

30-day VWAP price means the Average Market Price (as defined in the Listing Rules) except that the calculation shall be made over the period of 30 days before Day A and Day A is a date falling not more than 3 Business Days (as defined in the Listing Rules) before the Rights Issue is made.

90-day VWAP price means the Average Market Price (as defined in the Listing Rules) except that the calculation shall be made over the period of 90 days before the relevant date.

Annual Report has the meaning given to that term in paragraph 37 of the Explanatory Notes.

Appraisal Report has the meaning given to that term in paragraph 34 of the Explanatory Notes.

Associated Person has the meaning given to that term in Part A of the Listing Rules.

Average Market Capitalisation has the meaning given to that term in Part A of the Listing Rules.

Basket means the Product or Products that a Patient purchases from a Pharmacy on each occasion the Patient makes a purchase.

Board means the board of directors of the Company.

Cannvalate means Cannvalate Pty Limited.

Cannvalate Agreement means an agreement made with Cannvalate on 3 September 2021, including all subsequent variations.

Companies Act means the Companies Act 1993.

Deidentified Data has the meaning given to that term in paragraph 10 of the Explanatory Notes.

Directors means the directors of the Company.

First Repeat Sale means, in relation to any Patient, the first Repeat Sale to that Patient.

Licence Fee has the meaning given to that term in paragraph 18 of the Explanatory Notes.

Listing means the listing and quotation of the Company's ordinary shares on the NZX Main Board.

Listing Rules means the NZX Listing Rules dated 17 June 2022.

Material Transaction has the meaning given to that term in Part A of the Listing Rules.

Milestone Date means 20 April 2024.

Minority Buy-out Rights means a Shareholder's right to require the Company to purchase that Shareholder's shares in accordance with section 110 of the Companies Act, as discussed in Appendix One.

New Patient means a Patient who makes a purchase of Product from a Pharmacy for a first time.

New Patient Sale means the sale of a Product or Products from a Pharmacy to a person who becomes a New Patient by virtue of that sale.

New Shares has the meaning given to that term in paragraph 38(b) of the Explanatory Notes.

Patient means a person who purchases from a Pharmacy a Product or Products manufactured and distributed under the Cannvalate Agreement to that Pharmacy.

Performance Shares has the meaning given to that term in paragraph 19 of the Explanatory Notes.

Pharmacy means a pharmacy in Australia to which Cannvalate sells Product under the Cannvalate Agreement.

Price for Deidentified Data has the meaning given to that term in paragraph 14 of the Explanatory Notes.

Price for the Services has the meaning given to that term in paragraph 14 of the Explanatory Notes.

Product means a GFI Pharma branded product manufactured and distributed to a Pharmacy under the Cannvalate Agreement for on sale by the Pharmacy.

Repeat Sale means, in relation to any Patient, any sale of a Product or Products from a Pharmacy to that Patient after that Patient becomes a New Patient.

Related Party has the meaning given to that term in Part A of the Listing Rules.

Rights Issue has the meaning given to that term in paragraph 38(a) of the Explanatory Notes.

Second or Subsequent Repeat Sale means, in relation to any Patient, any sale of a Product or Products from a Pharmacy to that Patient after the First Repeat Sale to that Patient.

Shortfall Shares has the meaning given to that term in paragraph 38(a) of the Explanatory Notes.

Takeovers Code means the takeovers code set out in the schedule to the Takeovers Regulations 2000.