

ASX ANNOUNCEMENT

Melbourne, Australia, 29 June 2023: The Sustainable Nutrition Group (**ASX:TSN**) (“**TSN**” or the “**Company**”), is pleased to announce that the Australian Securities and Investments Commission (**ASIC**) has today registered the explanatory statement (**Scheme Booklet**) in relation to the proposed acquisition of all the shares in TSN by Elixinol Wellness Limited ACN 621 479 794 (**EXL**) by way of a scheme of arrangement, as announced on 29 November 2022.

This follows the announcement made by TSN on 28 June 2023 that the Federal Court of Australia made orders approving the dispatch of the Scheme Booklet to TSN Shareholders and convening the meeting of TSN Shareholders to consider and vote on the Scheme (**Scheme Meeting**).

Terms not defined in this announcement, have the meaning given to them in the Scheme Booklet.

Scheme Booklet

A copy of the Scheme Booklet, including the Independent Expert's Report and the notice of the Scheme Meeting, is attached to this announcement and will be dispatched to TSN Shareholders on 3 July 2023.

TSN Shareholders who have elected to receive communications electronically will receive an email with links to where they can download the Scheme Booklet and lodge their proxies for the Scheme Meeting. TSN Shareholders who have elected to receive hard copies of TSN meeting documents will be mailed a printed copy of the Scheme Booklet and proxy form for the Scheme Meeting. Any TSN Shareholder who has not made any election will receive a letter with links to where they can download the Scheme Booklet and lodge their proxy for the Scheme Meeting.

Scheme Meeting

The Scheme requires approval of TSN Shareholders and will be considered at the Scheme Meeting. The Scheme Meeting will be held at K&L Gates offices located on Level 25, 525 Collins Street Melbourne on **Wednesday 2 August 2023 at 10 am**.

The TSN Directors maintain their recommendation that TSN Shareholders should vote in favour of the Scheme in absence of a Superior Proposal.

Further Information

The Scheme Booklet explains the effect of the Scheme between TSN and the TSN Shareholders. **The Scheme Booklet is an important document and you should read this Scheme Booklet in its entirety before making a decision as to how to vote at the Scheme Meeting.** If you are in doubt as to what you should do, you should consult your legal, investment or other professional adviser.




MT. ELEPHANT™

Field Day™
KEEPS TAILS WAGGING



NATIVE INGREDIENT
— SPECIALISTS —



Australian
Primary Hemp™

ASX Code: TSN

THE SUSTAINABLE NUTRITION GROUP LTD

www.sustainablenutrition.com.au

Level 4, 100 Albert Road, South Melbourne VIC 3205

Indicative Key Dates

The Scheme Booklet details in full the important dates for the Scheme, however, a summary of the indicative key dates are provided below:

Event	Date and time
Date and time for determining eligibility to vote at Scheme Meeting	7pm on 31 July 2023
Latest date and time for lodgement of Proxy Forms or powers of attorney for Scheme Meeting	10 am on 31 July 2023
Scheme Meeting to vote on the Scheme	10 am, 2 August 2023
Second Court Date for approval of the Scheme	7 August 2023
Effective Date – Court Order lodged with ASIC and announced to ASX	8 August 2023
TSN Shares cease trading on ASX at close of trading	8 August 2023
Scheme Record Date for determining participants in the Scheme and entitlements to Scheme Consideration	10 August 2023
Implementation Date – Scheme Shares transferred to EXL and Scheme Consideration provided to Scheme Participants	17 August 2023

Dates may change

The timetable above is indicative only and certain dates and times are subject to receipt of all necessary approvals from TSN Shareholders, the Court and other Regulatory Authorities. TSN, in consultation with EXL, may vary any or all of these dates and times, subject to Court approval where required.

Any changes to the above timetable will be announced to ASX, www.asx.com.au. The actual timetable will depend on factors outside the control of TSN and implementation of the Scheme is subject to the satisfaction or, if applicable, waiver of the Scheme Conditions (see Sections 1.3 and 9.9 of the Scheme Booklet).

All references to time are to Australian Eastern Standard Time unless otherwise stated.

For further information, please contact:

Pauline Gately
Interim Non-Executive Chair
The Sustainable Nutrition Group Ltd
+61 3 9692 7222

Authorised for release by the TSN Board of Directors




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About TSN

The Sustainable Nutrition Group Ltd (ASX:TSN) is a vertically integrated business which produces, manufactures, and distributes a range of sustainable and plant-based nutrition brands, including hemp products under the Mt Elephant, Australian Primary Hemp, Field Day and The Australian Superfood Company brands to retail, wholesale, e-commerce and white label customers in Australia. TSN engages across the value chain encompassing seed selection, farming, processing, packaging, distribution and sales of bulk, food service and retail products.

About EXL

Elixinol Wellness Limited (ASX:EXL) is a pioneer in the global hemp industry, innovating, marketing and selling hemp and other plant-derived nutraceutical, cosmetic and food products. The Company's simplified business model is focusing on:

- In the Americas, innovating, marketing and selling high quality Elixinol branded hemp and other plant-derived nutraceutical and skincare products based in Colorado, USA
- In Australia, Hemp Foods Australia is a leading hemp food wholesaler, retailer, manufacturer and exporter of bulk and branded raw materials, and finished products
- In the United Kingdom, South Africa, Japan, Brazil and Mexico, branded hemp and other plant-derived products are available to consumers via exclusive Distribution and/or Trademark and Know-How Licensing Agreements
- Across the Rest of World, expanding distribution of branded hemp and other plant-derived products through reputable distributors as key markets open.

See more at www.elixinolwellness.com



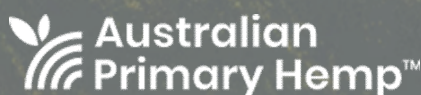
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THE SUSTAINABLE NUTRITION GROUP LTD

www.sustainablenutrition.com.au

Level 4, 100 Albert Road, South Melbourne VIC 3205

The Sustainable Nutrition Group Ltd

ACN 071 666 334

SCHEME BOOKLET

For the recommended Scheme of Arrangement between
The Sustainable Nutrition Group Ltd ACN 071 666 334
and its shareholders in relation to the proposed acquisition by **Elixinol
Wellness Limited** of all the issued shares in The Sustainable Nutrition
Group Ltd

Each Director recommends you **VOTE IN FAVOUR** of the Scheme in the absence of a Superior Proposal.

The Independent Expert has concluded that in the absence of a Superior Proposal the Scheme is "**not fair but reasonable**" and "**in the best interests**" of TSN Shareholders.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

IF YOU HAVE ANY QUESTIONS IN RELATION TO THE SCHEME BOOKLET OR THE SCHEME MEETING, PLEASE CONTACT YOUR LEGAL, INVESTMENT OR OTHER PROFESSIONAL ADVISER

K&L GATES

Legal Adviser

IMPORTANT NOTICES

The Scheme Booklet

This Scheme Booklet sets out details of the Scheme and constitutes the Explanatory Statement for the Scheme for the purposes of section 412(1) of the Corporations Act. It explains the effect of the Scheme between The Sustainable Nutrition Group Ltd ACN 071 666 334 (**TSN** or **Company**) and the TSN Shareholders to be considered at the Scheme Meeting.

You should read this Scheme Booklet in its entirety before making a decision as to how to vote on the resolutions to be considered at the Scheme Meeting. If you are in doubt as to what you should do, you should consult your legal, investment or other professional adviser.

ASIC and ASX

A copy of this Scheme Booklet has been examined and registered by ASIC for the purposes of section 412(6) of the Corporations Act. ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, then it will be produced to the Court at the time of the Court hearing to approve the Scheme. Neither ASIC nor any of its officers take any responsibility for the contents of this Scheme Booklet.

A copy of this document has been lodged with ASX. Neither ASX nor any of its officers take any responsibility for the contents of this document.

Federal Court Notice

IMPORTANT NOTICE ASSOCIATED WITH COURT ORDER UNDER SECTION 411(1) OF THE CORPORATIONS ACT 2001

The fact that under section 411(1) of the Corporations Act the Court has ordered that a meeting be convened and has approved the explanatory statement required to accompany the notices of the meeting does not mean that the Court:

- (a) has formed any view as to the merits of the proposed scheme or as to how members/creditors should vote (on this matter members/creditors must reach their own decision); or
- (b) has prepared, or is responsible for, the content of the explanatory statement.

Notice of Scheme Meeting

The Notice of Scheme Meeting is included in this Scheme Booklet as Annexure F.

Notice of Second Court Hearing

On the Second Court Date, the Federal Court of Australia will consider whether to approve the Scheme following the vote at the Scheme Meeting. Any TSN Shareholder may attend the hearing held on the Second Court Date, expected to be held on 7 August 2023. The Court's list is usually available by 4.30pm the day before the hearing. Any TSN Shareholder who wishes to oppose approval of the Scheme at the hearing on the Second Court Date may do so by filing with the Court and serving on TSN a

notice of appearance in the prescribed form together with any affidavit that the TSN Shareholder proposes to rely on.

Investment decisions

The information contained in this Scheme Booklet does not constitute financial product advice. This Scheme Booklet does not take into account the investment objectives, financial situation or particular needs of individual TSN Shareholders or any other person. Independent financial and taxation advice should be sought before making any decision in relation to the Scheme.

Responsibility statement

The Company Information has been prepared by TSN and its directors and is the responsibility of TSN. The directors, officers and advisers of Elixinol Wellness Limited ACN 621 479 794 (**EXL**) do not assume any responsibility for the accuracy or completeness of the TSN Information.

The Elixinol Information has been provided by EXL and its directors and is the responsibility of EXL. TSN and its directors, officers and advisers do not assume any responsibility for the accuracy or completeness of the Elixinol Information.

RSM Australia Pty Ltd has prepared the Independent Expert's Report in Annexure B and is responsible for that report only. None of TSN or EXL nor any of their respective affiliates, Subsidiaries, directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report.

Forward looking statements

Certain statements in this Scheme Booklet relate to the future. Forward-looking statements can be identified by the use of forward looking words such as "may", "should", "expect", "anticipate", "estimate", "scheduled" or "continue," their negative equivalent, or comparable terminology. Such statements involve known and unknown risks, uncertainties, assumptions and other important factors that may cause the actual results, performance or achievements of TSN to be materially different from the results, performance or achievements expressed or implied by such statements. The operation and financial performance of TSN is subject to various risks and which may be beyond the control of TSN or EXL. As a result, the actual results of TSN's operations and earnings following implementation of the Scheme and the actual advantages of the Scheme may differ from those that are anticipated or may not be achieved.

Any forward looking statements in this Scheme Booklet are made, and reflect views held, only as at the date of this Scheme Booklet. TSN and EXL make no representation and give no assurance or guarantee that the occurrence of the events or the achievement of results expressed or implied in such statements will actually occur. You are cautioned not to rely on any forward-looking statement.

Privacy and personal information

TSN will need to collect personal information to implement the Scheme. The personal information may include the names, contact details and details of holdings of TSN's Shareholders, plus contact details of individuals appointed by TSN Shareholders to act as proxies, corporate representatives or attorneys at the Scheme Meeting. The primary purpose of the collection of personal information is to assist TSN in the conduct of the Scheme Meeting and to enable the Scheme to be implemented. The collection of certain personal information is required or authorised by the Corporations Act.

TSN Shareholders and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them and can contact the TSN Share Registry on 1800 236 994 (within Australia) or +61 1300 554 474 (outside Australia) if they wish to exercise those rights.

Personal information may be disclosed to the share registrars of TSN or EXL, print and mail service providers, authorised securities brokers, Related Bodies Corporate of TSN and EXL, and TSN and EXL's advisers to the extent necessary to effect the Scheme. If the information outlined above is not collected, TSN may be hindered in, or prevented from, conducting the Scheme Meeting, or implementing the Scheme effectively or at all. TSN Shareholders who appoint a named person to act as their proxy, corporate representative or attorney at the Scheme Meeting should ensure that they inform that person of the matters outlined above.

Notice to TSN Shareholders in jurisdictions other than Australia

This Scheme Booklet has been prepared in compliance with the disclosure requirements of Australia which may be different from those in other jurisdictions. This Scheme Booklet and the Scheme do not in any way constitute an offer of securities or a solicitation of an offer to purchase securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or solicitation. The offer of New Elixinol Shares will only be made to those TSN shareholders resident in Australia.

TSN Shareholders who are Ineligible Shareholders will not be issued New Elixinol Shares. Instead, the New Elixinol Shares to which Ineligible Shareholders would otherwise be entitled to under the Scheme will be issued to the Sale Nominee and sold through the Share Sale Facility, with the Share Sale Facility Proceeds being remitted to those TSN Shareholders. Refer to Section 9.4 for further details on the Share Sale Facility.

Notice to TSN Shareholders in the United States

The New Elixinol Shares have not been and are not expected to be registered under the US Securities Act or under the securities laws of any state or other jurisdiction of the United States. EXL intends to rely on Section 3(a)(10) of the US Securities Act in connection with the consummation of the Scheme and the issuance of New Elixinol Shares. Section 3(a)(10) contains an exemption from the general requirement for securities issued in exchange for other securities where the terms and conditions of the issuance and exchange have been approved by a court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of

the issuance at which all persons to whom the securities will be issued have the right to appear.

TSN and EXL will rely on approval of the Scheme by the Court for purposes of qualifying for the Section 3(a)(10) exemption. This Scheme Booklet has not been filed with or reviewed by the SEC or any United States state securities authority and none of them has passed upon or endorsed the merits of the Scheme or the accuracy, adequacy or completeness of this Scheme Booklet. Any representation to the contrary is a criminal offence.

References to time and currency

Unless otherwise stated, a reference to time in this Scheme Booklet is a reference to Australian Eastern Standard Time. References to (\$) or A\$) dollars in this Scheme Booklet are to Australian dollars, unless otherwise stated.

Rounding

Certain financial figures in this Scheme Booklet have been rounded as applicable, unless otherwise stated. Such figures should be considered as approximate figures. Any discrepancies in any table between totals and sums of amounts listed therein or to previously published financial figures are due to rounding.

Defined terms and interpretation

Capitalised terms used in this Scheme Booklet are defined either in the Glossary in Section 11 or in the body of this Scheme Booklet.

Unless otherwise stated or where the context otherwise requires, all data contained in this Scheme Booklet, including in charts, graphs and tables, are based on information available as at the Last Practicable Date.

Websites

Any references in this Scheme Booklet to any website are for information purposes only and no information contained on any website forms part of this Scheme Booklet.

Tax

A general guide to the taxation implications of the Scheme is set out in Annexure A. This guide is expressed in general terms only and TSN Shareholders should consult their tax adviser as to the applicable tax consequences of the Scheme.

If you have any questions

If after reading this Scheme Booklet in its entirety you do not fully understand it, you should consult an accountant, solicitor or other professional adviser for assistance.

This document is very important and should be read in its entirety.

Date

This Scheme Booklet is dated 28 June 2023.

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LETTER FROM THE TSN CHAIR

Dear Shareholder,

On behalf of the TSN Board, I am pleased to provide you with this Scheme Booklet that contains important information for your consideration about the proposed acquisition of TSN by Elixinol Wellness Limited (**ASX:EXL**)(**EXL** or **Elixinol**).

THE SCHEME

On 29 November 2022, TSN announced that it had entered into a Scheme Implementation Deed with EXL. It is proposed that EXL will acquire 100% of issued TSN Shares by way of a Scheme of Arrangement, subject to approval by TSN Shareholders and the Court, and the satisfaction of certain other conditions (**Scheme**).

In consideration for their TSN Shares, TSN Shareholders are to receive 1.1225 New Elixinol Shares for every TSN Share held on the Scheme Record Date. The Scheme Consideration values the equity of TSN at approximately \$2.2 million¹.

If the Scheme is not approved by the requisite majority of TSN Shareholders or the Court, the Scheme will not become Effective.

Since the Announcement Date (i) at the TSN 2022 annual general meeting, TSN Shareholders approved the issue of certain TSN Shares to TSN Directors in lieu of accrued remuneration; and (ii) Elixinol announced the issue of additional securities (including under the EXL Capital Raise). This Scheme Booklet incorporates the impact on the Merged Group's share capital structure as a result of both (i) the issue of these new securities; and (ii) the Scheme being implemented (see section 7.7).

INDEPENDENT EXPERT

TSN appointed RSM Australia Pty Ltd as the Independent Expert to prepare an Independent Expert's Report, including an opinion as to whether the Scheme is in the best interests of TSN Shareholders. The Independent Expert, RSM Australia Pty Ltd, has concluded that in the absence of a Superior Proposal the Scheme is "*not fair but reasonable*" and is "*in the best interests of shareholders*". A full copy of the Independent Expert's Report is included as Annexure B to this Scheme Booklet.

TSN BOARD'S RECOMMENDATION

Your Directors have considered the advantages and disadvantages of the Scheme. Each Director recommends that TSN Shareholders vote in favour of the Scheme in the absence of a Superior Proposal. Each Director who holds TSN Shares intends to vote in favour of the Scheme in the absence of a Superior Proposal.

The key reasons why the Board believes the Scheme to be in the best interests of Shareholders are outlined in Sections 1.1 and 4.2 but some of the key advantages to be considered in the opinion of the Board are that the Scheme:

- **Creates a global plant-based food, health and wellness company:** Optimises the supply chain in Australia by enabling the Merged Group to leverage access to one of the largest contract grower networks in Australia and negotiate larger purchase contracts, and the reduced transport and logistics costs and better utilisation of production assets resulting from

¹ Based on Elixinol's closing share price of \$0.014 as at the Last Practicable Date.

consolidation of operations in Geelong, nearer to growers than EXL's current production facility.

- **Brings together highly complementary product suite with improved product innovation:** Number of brands increase from 4 to 8, across the human nutrition, food, CBD, pet, and wellness verticals. Additionally, the Merged Group's new product development and IP sharing will assist in driving cost effective growth including e-commerce.
- **Expands distribution network:** Immediately broadens distribution capabilities across Australia from ~1,571 locations to 3,994 locations, providing substantial cross-sell opportunities for EXL and TSN brands, and the ability for EXL and TSN to expand existing relationships with partners and distributors.
- **Increases size and scale:** Leveraging the strategic reviews conducted by both TSN and EXL, the Merged Group aims to realise economies of scale through the rationalisation of operations and distribution channels. The Merged Group targets cost and revenue synergies to be realised over time, as well as margin expansion through the consolidation of operations.

Please note that there are also disadvantages of the Scheme to TSN Shareholders. The key disadvantages are outlined in Sections 1.1 and 4.4 of the Scheme Booklet and in section 12.7 of the Independent Expert Report. Some of the key disadvantages include:

- **Scheme is "not fair" to Shareholders:** The Independent Expert has determined that the Scheme is "not fair" to Shareholders.
- **Scheme Consideration:** You may believe that the Scheme is not in the best interests of TSN Shareholders or you may consider that the Scheme Consideration is too low. Additionally, the value of the Scheme Consideration is not certain and will depend on the price at which New Elixinol Shares trade on the ASX after the Implementation Date. There is a risk that the New Elixinol Shares may trade at a price which is lower than the Scheme Consideration after the Implementation Date.
- **Dilutionary impact:** Shareholders will, collectively, have a diluted ownership of 25.3% in the Merged Group (before the exercise of options or performance rights on issue immediately after the Scheme). This will reduce Shareholders' ability to influence decisions such as the composition of the Board and the acquisition and disposal of assets.
- **You may wish to maintain a direct interest in TSN as a listed company:** If the Scheme is implemented you will no longer be able to participate in any value offered by a direct investment in TSN.
- **Superior Proposal:** You may consider that there is the potential for a Superior Proposal to be made to TSN. No proposal superior to the Scheme has emerged as at the date of this Scheme Booklet.

The Board notes that the appropriateness of New Elixinol Shares for TSN Shareholders will depend on the characteristics and risk profile of individual TSN Shareholders, as well as the matters set out in the Scheme Booklet (including, without limitation, the Risk Factors set out in Section 8 of this Scheme Booklet). It is important that you carefully read the Risk Factors as there are risks involved in an investment in EXL which differ from the risks associated with your current investment in TSN.

SCHEME MEETING

Your vote is important as the resolutions at the Scheme Meeting require a certain level of TSN Shareholder support to be approved. I encourage you to read this Scheme Booklet carefully as it contains information that will assist in both your decision for voting, but also information on how to vote.

I also encourage you to vote at the Scheme Meeting held at 10 am on Wednesday, 2 August 2023, either by personally participating in the Scheme Meeting or by appointing a proxy, an attorney or, in the case of a TSN Shareholder or proxy who is a corporation, a corporate representative to participate in the Scheme Meeting and vote on your behalf. Sections 3.7 and 3.8 of this Scheme Booklet contain further information regarding the Scheme Meeting and your vote.

If you require further information after reading this Scheme Booklet in its entirety, please call the TSN Share Registry on 1800 236 994 (within Australia) or +61 1300 554 474 (outside Australia), send an email to registrars@linkmarketservices.com.au or visit TSN's website at www.sustainablenutrition.com.au.

On behalf of the TSN Board, I thank you for your ongoing support and I look forward to your participation at the Scheme Meeting.

Yours faithfully,

Pauline Gately

Chair

The Sustainable Nutrition Group Ltd

IMPORTANT DATES

Event	Date
Date and time for determining eligibility to vote at Scheme Meeting	7 pm on 31 July 2023
Latest date and time for lodgement of Proxy Forms or powers of attorney for Scheme Meeting	10 am on 31 July 2023
Scheme Meeting to vote on the Scheme	2 August 2023
Second Court Date for approval of the Scheme	7 August 2023
Effective Date – Court Order lodged with ASIC and announced to ASX	8 August 2023
TSN Shares cease trading on ASX at close of trading	8 August 2023
Scheme Record Date for determining participants in the Scheme and entitlements to Scheme Consideration	10 August 2023
Implementation Date – Scheme Shares transferred to EXL and Scheme Consideration provided to Scheme Participants.	17 August 2023

Dates may change

The timetable above is indicative only and certain dates and times are subject to receipt of all necessary approvals from TSN Shareholders the Court and other Regulatory Authorities. TSN, in consultation with EXL, may vary any or all of these dates and times, subject to Court approval where required.

Any changes to the above timetable will be published on TSN's website at www.sustainablenutrition.com.au and announced to ASX, www.asx.com.au. The actual timetable will depend on factors outside the control of TSN and implementation of the Scheme is subject to the satisfaction or, if applicable, waiver of the Scheme Conditions (see Section 9.9).

All references to time are to Australian Eastern Standard Time unless otherwise stated.

1. SCHEME HIGHLIGHTS

1.1 Summary of reasons to vote in favour of or against the Scheme

Reasons to vote in favour of the Scheme

1	The TSN Directors unanimously recommend that the TSN Shareholders vote in favour of the Scheme in the absence of a Superior Proposal and subject to the same qualification intend on voting all TSN Shares held or controlled by or for them in favour of the Scheme .
2	The Independent Expert has concluded that in the absence of a Superior Proposal the Scheme is "<u>not fair but reasonable</u>" and is " in the best interests of TSN Shareholders ". A copy of the Independent Expert's Report is set out in Annexure B of this Scheme Booklet.
3	No Superior Proposal has been received by TSN as at the date of this Scheme Booklet, having announced the proposed Scheme on 29 November 2022.
4	Creates a global plant-based food, health and wellness company: Optimises the supply chain in Australia by enabling the Merged Group to leverage access to one of the largest contract grower networks in Australia and negotiate larger purchase contracts, and the reduced transport and logistics costs and better utilisation of production assets resulting from consolidation of operations in Geelong, nearer to growers than EXL's current production facility.
5	Brings together a highly complementary product suite with improved product innovation: Number of brands increase from 4 to 8, across the human nutrition, food, CBD, pet, and wellness verticals. Additionally, the Merged Group's new product development and IP sharing will assist in driving cost effective growth including e-commerce.
6	Expands distribution network: Immediately broadens distribution capabilities across Australia from ~1,571 locations to 3,994 locations, providing substantial cross-sell opportunities for EXL and TSN brands, and the ability for EXL and TSN to expand existing relationships with partners and distributors.
7	Increases size and scale: Leveraging the strategic reviews conducted by both TSN and EXL, the Merged Group aims to realise economies of scale through the rationalisation of operations and distribution channels. The Merged Group targets cost and revenue synergies to be realised over time, as well as margin expansion through the consolidation of operations.
8	Leveraged to strong sector tailwinds: The Merged Group is positioned to leverage the mainstream shift towards plant based, sustainable nutrition products. The global plant-based protein market is expected to significantly grow from US\$10.3bn in 2020 to US\$17.5bn in 2027 ² .
9	TSN Funding Requirements: If the Scheme does not proceed and no Superior Proposal emerges, TSN may in the future experience funding challenges and TSN Shares may trade at a significantly lower price.

² UnivDatos Market Insights: Plant Based Protein Market. Current Analysis and Forecast 2021-2027, July 2021. ASX Announcement 16 November 2021: Agreement with APP- Additional Information

10 No brokerage charges or stamp duty will be payable on the transfer of your TSN Shares or issue to you of the New EXL Shares if the Scheme proceeds.

Reasons why you may choose to vote against the Scheme

1	You may disagree with the TSN Directors' recommendation or the conclusion of the Independent Expert. The Independent Expert has found that the Scheme is " not fair but reasonable " and is "in the best interests of TSN Shareholders".
2	You may consider that there is the potential for a Superior Proposal to be made in the foreseeable future.
3	The Scheme Consideration represents a 88.8% discount ³ to TSN's 1-month VWAP prior to the announcement of the Scheme on 29 November 2022 (bearing in mind that trading in TSN shares was suspended with no market trading during the period from 18 May 2022 to 5 January 2023) ⁴ .
4	Shareholders will, collectively, have a diluted ownership of 25.3% in the Merged Group (before the exercise of options or performance rights on issue immediately after the Scheme). This will reduce Shareholders' ability to influence decisions such as the composition of the Board and the acquisition and disposal of assets.
5	The tax consequences of the Scheme may not be suitable for you considering your individual circumstances.
6	You may wish to maintain an interest in a publicly listed investment with TSN's specific characteristics.
7	There are a number of risks associated with the Merged Group as outlined in section 8 which may be different from only having an interest in TSN (rather than the Merged Group).
8	The Scheme may be subject to conditions that you consider unacceptable.

See Section 4 for further details of the above summaries of the reasons to vote in favour of or against the Scheme.

1.2 Independent Expert's conclusion

RSM Australia Pty Ltd has been appointed as the Independent Expert by the TSN Board to prepare the Independent Expert's Report, including an opinion as to whether the Scheme is in the best interests of TSN Shareholders.

The Independent Expert has concluded that the Scheme Consideration is "*not fair but reasonable*" and is "*in the best interests*" of the TSN Shareholders in the absence of a Superior Proposal. You should carefully read and consider the Independent Expert's Report, a full copy can be found in Annexure B.

³ Based on Elixinol's closing share price of \$0.014 as at the Last Practicable Date.

⁴ Based on TSN's share price up to 17 May 2022 (as on 18 May 2022 TSN sought a voluntary suspension of its shares and TSN remained in suspension when the Scheme was announced on 29 November 2022).

1.3 Scheme Conditions

The obligations of TSN and EXL to complete the Scheme are subject to the Scheme Conditions, which are discussed in further detail in Section 9.9. The Scheme Conditions are contained in clause 3 of the Scheme, as set out in Annexure E to this Scheme Booklet. For the Scheme to be implemented, all of the Scheme Conditions must be either satisfied or waived in accordance with the Scheme and the Scheme Implementation Deed (as applicable).

As at the date of this Scheme Booklet, TSN and EXL are not aware of any circumstances which would cause the Scheme Conditions not to be satisfied or waived. An update as to the status of the Scheme Conditions will be provided at the Scheme Meeting.

1.4 Scheme Consideration

If the Scheme is approved and implemented, Scheme Participants will be entitled to receive 1.1225 New Elixinol Shares for each TSN Share held on the Scheme Record Date.

Based on:

- (i) EXL's closing share price on the Announcement Date of \$0.034, which represents an implied value of \$0.038 per TSN Share (based on the Scheme Consideration);
- (ii) EXL's closing share price on the Last Practicable Date of \$0.014, which represents an implied value of \$0.0157 per TSN Share (based on the Scheme Consideration);
- (iii) The Scheme Consideration represents a discount of 88.8% to TSN's closing share price on the Announcement Date of \$0.140 (bearing in mind that from 18 May 2022 TSN sought a voluntary suspension in trading in its shares and was in suspension as at the Announcement Date); and
- (iv) The Scheme Consideration represents a premium of 125% to TSN's closing share price on the Last Practicable Date of \$0.007.

Further details of share prices (including the highest and lowest share prices for TSN and Elixinol for the 3 months preceding the Last Practicable Date) are included in sections 5.10 and 6.13.

TSN Shareholders who are Ineligible Shareholders will not be issued New Elixinol Shares. Instead, the New Elixinol Shares to which Ineligible Shareholders would otherwise be entitled to under the Scheme will be issued to the Sale Nominee and sold through the Share Sale Facility, with the Share Sale Facility Proceeds being remitted to those TSN Shareholders.

Fractional entitlements will be rounded up or down to the nearest whole number (rounded up if the fractional entitlement is equal to or greater than one half, and rounded down if the fractional entitlement is less than one half), but only after applying the Scheme Participant's entitlement (prior to rounding) to its entire holding of Scheme Shares.

The total Scheme Consideration is valued at \$2.2 million (based on EXL's closing share price on the Last Practicable Date).

1.5 Scheme Meeting

The Notice of Scheme Meeting convening the Scheme Meeting is included in Annexure F of this Scheme Booklet.

For the Scheme to proceed, votes in favour of the Scheme must be received from both:

- (a) a majority in number (more than 50%) of TSN Shareholders present and voting at the Scheme Meeting (whether personally or by proxy, attorney, or in the case of a TSN Shareholder, or proxy who is a corporation, by corporate representative) **(Headcount Test)**; and
- (b) at least 75% of the total number of TSN Shares voted at the Scheme Meeting by TSN Shareholders (personally or by proxy, attorney, or in the case of a TSN Shareholder, or proxy who is a corporation, by corporate representative).

The passing of the resolutions approving the Scheme are conditions of the Scheme becoming Effective and being implemented. If the necessary majorities of TSN Shareholders vote in favour of the Scheme at the Scheme Meeting and all other Scheme Conditions have been either satisfied or waived (if applicable), the Court will be asked to approve the Scheme.

The Court has the power to approve the Scheme even if the Headcount Test has not been satisfied. The Court may, for example, approve the Scheme in such circumstances if it finds that the vote was unfairly influenced by activities such as share splitting.

Each person who is registered on the TSN Register as a TSN Shareholder as at 7 pm on 31 July 2023, is entitled to be present and vote at the Scheme Meeting, either personally or by proxy, attorney, or in the case of a TSN Shareholder or proxy who is a corporation, by corporate representative.

Registered transfers or transmission applications that are registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

1.6 Warranties and releases

On the Implementation Date, each Scheme Participant is deemed to have warranted to EXL that:

- (a) all their Scheme Shares (including any rights and entitlements attaching to those shares) which are transferred to EXL under the Scheme will, on the date of the transfer of them to EXL, be fully paid and free from all encumbrances and interests of third parties of any kind (whether legal or otherwise) and restrictions on transfer of any kind;
- (b) they have full power and capacity to sell and to transfer their Scheme Shares together with any rights and entitlements attaching to such shares; and
- (c) they have no existing right to be issued any TSN Shares, TSN Options, performance rights, convertible notes or any other TSN security other than, in the case of any Scheme Participant who is also the holder of TSN Options, the right to be issued TSN Shares on the exercise of those TSN Options in accordance with their terms.

1.7 Exclusivity, competing proposals, break fee arrangements and cost contribution

(a) Exclusivity and competing proposals

Until the Scheme is approved by the Court, other parties may make unsolicited proposals to acquire TSN. If during the Exclusivity Period under the Scheme Implementation Deed TSN is approached in relation to an actual or potential Competing Proposal, it must notify EXL of the approach.

If a Competing Proposal is a Superior Proposal, EXL will be given 10 days to provide TSN a matching offer. If EXL makes a matching offer, then EXL and TSN must use their best endeavours to agree to give effect to the matching offer.

Further details regarding EXL's exclusivity rights under the Scheme Implementation Deed are set out in Section 4.5(a) of this Scheme Booklet.

(b) **Break Fee**

TSN will be liable to pay the Target Break Fee to EXL if:

- (i) at any time before the End Date or, if earlier, the date the deed is terminated under clause 14 of the Scheme Implementation Deed, any TSN Director:
 - (A) fails to make or publicly withdraws or adversely changes, modifies or qualifies their recommendation or voting statement in respect of the Scheme; or
 - (B) makes a public statement that he or she no longer recommends the transaction or recommending, supporting or endorsing another transaction (including any Competing Proposal),

in each case provided that EXL has terminated the Scheme Implementation Deed in accordance with clause 14.1(b) of the Scheme Implementation Deed, and unless:

- (C) the Independent Expert concludes that the Scheme is not in the best interests of TSN Shareholders (except where this conclusion of the Independent Expert is due to the existence of a Competing Proposal);
 - (D) the withdrawal or adverse change or modification is permitted by clause 7.2(a)(iii) of the Scheme Implementation Deed; or
 - (E) TSN is (or would have been) entitled to terminate the Scheme Implementation Deed for material breach by EXL or where TSN Shareholders do not pass the Scheme Resolution;
- (ii) EXL validly terminates the Scheme Implementation Deed for material breach by TSN or for TSN Warranties not being true and correct; or
 - (iii) EXL terminates the Scheme Implementation Deed due to a failure of the conditions precedent in clause 3.1(h) (TSN Material Adverse Change) or clause 3.1(j) (TSN Prescribed Occurrence).

EXL will be liable to pay TSN the Bidder Break Fee where TSN validly terminates the Scheme Implementation Deed:

- (i) for material breach by EXL or for Elixinol Warranties not being true and correct; or
- (ii) due to a failure of the conditions precedent in clause 3.1(i) (Elixinol Material Adverse Change) or clause 3.1(k) (Elixinol Prescribed Occurrence).

1.8 Carefully read and consider this Scheme Booklet

The Scheme Booklet is designed to provide TSN Shareholders with information to consider before voting on whether the Scheme should proceed at the Scheme Meeting scheduled for 10 am on 2 August 2023.

This is an important document. You should read the information in this Scheme Booklet in its entirety before making a decision on how to vote at the Scheme Meeting. If you are in doubt as to what you should do, you should consult your legal, investment or other professional adviser. There is a "**Questions and Answers**" summary included in Section 2, to help answer any questions you may have. If you have any other questions, please call the TSN Share Registry on 1800 236 994 (within Australia) or +61 1300 554 474 (outside Australia).

2. QUESTIONS AND ANSWERS

This Section answers some basic questions that you may have about the Scheme. The information in this Section is a summary only which you should read in conjunction with the entire Scheme Booklet (including the recommendation of the TSN Directors and the key reasons for those recommendations as set out in Section 4) before deciding how to vote on the Scheme.

Questions	Answers
Questions about the Scheme	
What is the Scheme?	<p>On 29 November 2022, TSN announced a proposal under which EXL agreed to acquire all of the shares of TSN by way of a Scheme of Arrangement. EXL will provide the Scheme Consideration to the Scheme Participants. The Scheme is between TSN and the TSN Shareholders in relation to the TSN Shares and requires approval by both the TSN Shareholders and the Court. If the Scheme is approved and implemented:</p> <ul style="list-style-type: none"> • all TSN Shares you own will be transferred to EXL; • TSN will become a Subsidiary of EXL; • you will become an EXL Shareholder; and • TSN will be delisted from ASX. <p>The Scheme is subject to the Scheme Conditions which are summarised in Section 9.9.</p> <p>If the Scheme is not approved by the requisite majorities of TSN Shareholders or the Court, the Scheme will not become Effective.</p>
What is this Scheme Booklet for?	<p>The Scheme will only proceed if it is approved by the necessary majorities of TSN Shareholders at the Scheme Meeting, which is scheduled to occur at 10am on 2 August 2023.</p> <p>This Scheme Booklet is designed to provide TSN Shareholders with information to consider before they vote at the Scheme Meeting on whether the Scheme should proceed.</p> <p>You should read this Scheme Booklet in its entirety before making a decision as to how to vote on the resolutions to be considered at the Scheme Meeting.</p>
What are the benefits of the Scheme?	<p>The TSN Board believes that the Scheme is the best opportunity to realise value currently available for TSN Shareholders, in the absence of a Superior Proposal.</p> <p>In forming that view, the TSN Board believes that the advantages of the Scheme to TSN Shareholders</p>

Questions	Answers
	<p>include the ability for TSN Shareholders to share in the following expected benefits in combining the two businesses:</p> <ul style="list-style-type: none"> • optimises the supply chain in Australia by enabling the Merged Group to leverage access to one of the largest contract grower networks in Australia and negotiate larger purchase contracts, and the reduced transport and logistics costs and better utilisation of production assets resulting from consolidation of operations in Geelong, nearer to growers than EXL's current production facility; • brings together a highly complementary product suite with improved product innovation; • expands the distribution network; • increases size and scale through the rationalisation of operations and distribution channels; • the Scheme lowers the risk and potential dilutive effect to Shareholders associated with the funding of any available growth strategy; and • if the Scheme is not approved, the TSN Share price may fall below the value of the Scheme Consideration. <p>Further information regarding the advantages and reasons to vote in favour of the Scheme is set out in Sections 4.2 and 4.3.</p>
<p>What are the disadvantages of voting in favour of the Scheme?</p>	<p>The reasons why you may choose to vote against the Scheme may include:</p> <ul style="list-style-type: none"> • you may disagree with the TSN Directors' recommendation or the conclusion of the Independent Expert noting that the Independent Expert has found that the Scheme is "not fair but reasonable" and is "in the best interests of TSN Shareholders"; • Shareholders will, collectively, have a diluted ownership of 25.3% in the Merged Group (before the exercise of options or performance rights on issue immediately after the Scheme). This will reduce Shareholders' ability to influence decisions such as the

Questions	Answers
	<p>composition of the Board and the acquisition and disposal of assets;</p> <ul style="list-style-type: none"> • you may consider that there is the potential for a Superior Proposal to be made in the foreseeable future; • the Scheme Consideration⁵ represents a 88.8% discount to TSN's 1-month VWAP (for the period ended 17 May 2022 – as TSN sought a voluntary suspension on 18 May 2022 and from 18 May 2022 TSN's shares did not trade on the ASX prior to the announcement of the Scheme); • the tax consequences of the Scheme (which are outlined further in Annexure A) may not be suitable for you considering your individual circumstances; • you may wish to maintain an interest in a publicly listed investment with TSN's specific characteristics; • there are a number of risks associated with the Merged Group as outlined in section 8 which may be different from only having an interest in TSN (rather than the Merged Group); and • the Scheme may be subject to conditions that you consider unacceptable. <p>Further information regarding the disadvantages and reasons to vote against the Scheme is set out in Section 4.4.</p>
<p>What are the risks of the Scheme?</p>	<p>The risks to the Scheme proceeding include:</p> <ul style="list-style-type: none"> • the Scheme will not go ahead unless TSN Shareholders vote in favour of the Scheme and in the majorities described in Section 3.4; • the Scheme will not go ahead unless the Court approves; • the Scheme will not go ahead unless the Scheme Conditions are satisfied or waived – see Section 9.9 for a summary of the Scheme Conditions.

⁵ Based on Elixinol's closing share price of \$0.014 as at the Last Practicable Date.

Questions	Answers
	<p>TSN Shareholders should consider these risks as well as the risks outlined in Section 8 carefully before deciding how to vote on the Scheme.</p>
<p>What will I receive if the Scheme is implemented?</p>	<p>If the Scheme is implemented, for each TSN Share you hold on the Scheme Record Date you will be entitled to receive the Scheme Consideration (that is 1.1225 New Elixinol Shares for each TSN Share held).</p> <p>TSN Shareholders who are Ineligible Shareholders will not be issued New Elixinol Shares. Instead, the New Elixinol Shares to which Ineligible Shareholders would otherwise be entitled to under the Scheme will be issued to the Sale Nominee and sold through the Share Sale Facility, with the Share Sale Facility Proceeds being remitted to those TSN Shareholders.</p> <p>Further details of the Scheme Consideration are set out in Sections 1 and 9.3.</p>
<p>What do the TSN Directors recommend?</p>	<p>The TSN Board unanimously recommends that all TSN Shareholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal.</p>
<p>How do the TSN Directors intend to vote in respect of their own TSN Shares?</p>	<p>In the absence of a Superior Proposal, each TSN Director who holds TSN Shares, or on whose behalf TSN Shares are held, intends to vote in favour of the Scheme at the Scheme Meeting.</p>
<p>What is the opinion of the Independent Expert?</p>	<p>The Independent Expert has considered the Scheme and has concluded that the Scheme Consideration is "not fair but reasonable" and in the best interests of TSN Shareholders in the absence of a Superior Proposal.</p> <p>The Independent Expert's Report is set out in full in Annexure B.</p>
<p>What happens if a Competing Proposal emerges?</p>	<p>Until the Scheme is approved by the Court, other parties may make unsolicited proposals to acquire TSN. If during the Exclusivity Period under the Scheme Implementation Deed TSN is approached in relation to an actual or potential Competing Proposal, it must notify EXL of the approach.</p> <p>If a Competing Proposal is a Superior Proposal, EXL will be given 10 days to provide TSN a matching offer. If EXL makes a matching offer, then EXL and TSN must use their best endeavours to agree to give effect to the matching offer. Further details regarding EXL's exclusivity rights under the Scheme Implementation Deed are set out in Section 4.5(a).</p>

Questions	Answers
How will the Scheme be implemented?	The Scheme will be implemented by way of a scheme of arrangement between TSN and TSN Shareholders pursuant to which EXL will acquire all of the Scheme Shares and provide the Scheme Consideration to those TSN Shareholders who are Scheme Participants. Further details on how the Scheme will be implemented are set out in Sections 1 and 8.
When will the Scheme become Effective?	<p>Subject to satisfaction or waiver of any outstanding Scheme Conditions and the approval of the Court, it is expected that the Scheme will become Effective on 8 August 2023.</p> <p>Further details about the timetable are set out under the heading “Important Dates” at the front of this Scheme Booklet.</p>

Questions	Answers
<p>What happens if the Scheme does not proceed?</p>	<p>If the Scheme is not approved by the requisite majorities at the Scheme Meeting (or is approved at the Scheme Meeting but is not approved by the Court or the Scheme Conditions are not satisfied or waived), then the Scheme <u>will not be implemented</u>.</p> <p>In this situation:</p> <ul style="list-style-type: none"> • the price of TSN Shares may fall beneath the value of the Scheme Consideration, in the absence of a Competing Proposal; • material transaction costs and expenses incurred by TSN as part of implementing the Scheme estimated at approximately \$510,000 up to the date of this document will be indirectly borne by TSN Shareholders; • the benefits of the Scheme will not be realised, and the disadvantages of the Scheme will not arise; • TSN Shareholders will not receive the Scheme Consideration and will retain their interests in TSN Shares and continue to collectively control TSN; • TSN will remain an independent company and focus on its current business and strategic plans; • TSN will continue to operate under the existing corporate structure with its current Directors and management in place; and • the rights of TSN Shareholders will remain unchanged. <p>Further details are set out in Sections 4.3 and 9.6.</p> <p>If the Scheme does not proceed as a result of a Competing Proposal being recommended by the TSN Board or where the TSN Board withdraws or adversely modifies its recommendation or voting intention as outlined in Section 4.1 with respect to the Scheme other than if the Independent Expert changes its recommendation for any reason (other than because of a Competing Proposal), the Company will be liable to pay the Target Break Fee to EXL, in addition to the above consequences.</p>
<p>What will be the effect of the Scheme on TSN Shareholders?</p>	<p>If the Scheme is implemented:</p>

Questions	Answers
	<ul style="list-style-type: none"> • TSN Shareholders will transfer all of their TSN Shares to EXL; • in consideration for the transfer of their TSN Shares, each TSN Shareholder will receive the Scheme Consideration (being New Elixinol Shares); • TSN will become a Subsidiary of EXL; and • TSN Shares will cease to be quoted on ASX and TSN will be delisted. <p>Further details are set out in Sections 9.1 and 9.2.</p>
<p>What happens if the Scheme is not approved by the requisite majorities?</p>	<p>The Scheme will not proceed.</p>
<p>Questions about EXL</p>	
<p>Who is the Bidder?</p>	<p>EXL is a participant in the hemp industry with global operations, innovating, marketing and selling hemp and other plant nutraceutical, food and topical products. Further details about EXL are set out in Section 6.2.</p>
<p>Who will be the directors of EXL following the implementation of the Scheme?</p>	<p>Helen Wiseman – Chair and Independent Non-Executive Director</p> <p>Ronald Michael Dufficy – Managing Director</p> <p>David John Fenlon – Independent Non-Executive Director</p> <p>Pauline Gately - Non-Executive Director</p> <p><i>Note: If the Scheme is implemented, EXL proposes that, in accordance with the Scheme Implementation Deed, Ms Pauline Gately will join the EXL Board as a new non-executive director.</i></p>

Questions	Answers
<p>What are the intentions of the Elixinol Board in relation to the business and assets of TSN?</p>	<p>Subject to EXL conducting an operational review of TSN post-Implementation and as otherwise set out in this Scheme Booklet, it is the current intention of EXL that:</p> <ul style="list-style-type: none"> • the business of TSN will continue in the same manner as at the date of this Scheme Booklet; • there will be no major changes to the TSN business, including headcount; and • there will be no redeployment of the fixed assets of TSN. <p>Further details about EXL's intentions concerning TSN and its business are set out in Section 6.10 and Section 7.</p>
<p>What are the intentions of the Elixinol Board in relation to the employees of TSN?</p>	<p>Subject to EXL conducting an operational review of TSN post-implementation of the Scheme and as otherwise set out in this Scheme Booklet, EXL intends to continue the employment of current TSN employees.</p> <p>The senior management team of the Merged Group is expected to consist of the following members:</p> <p>Group Chief Executive Officer & Managing Director – Ronald Dufficy</p> <p>Group Chief Financial Officer & Company Secretary – Josephine Lorenz</p> <p>President Americas - Robert Hasselman</p> <p>Further details about EXL's intentions concerning TSN and its business are set out in Section 6.10 and Section 7.</p>

Will there be changes to the strategy of EXL following the implementation of the Scheme?

Subject to EXL conducting an operational review of TSN post-implementation of the Scheme and as otherwise set out in this Scheme Booklet, EXL's strategy is to build a global, hemp-based consumer wellness products corporate group, with a stated vision of creating a healthier everyday life through the power of hemp and plant-based products.

As EXL works to re-build profitability, it will focus its investments on its most established markets in Australia and the US, where in the view of the Elixinol Board it has a competitive advantage, whilst maintaining a watching brief in relation to potential investments in Europe and the United Kingdom, which will depend on progress there in relation to the regulatory environment relating to hemp-based products.

Key proposed strategic initiatives for the Merged Group are as follows:

- 1) Improve profits through business optimisation:
 - a) consolidate Australian operations into TSN's Geelong-based production facility;
 - b) continued cost reduction including corporate costs;
 - c) further margin accretion through shift towards higher margin branded consumer goods and distribution through e-commerce channels.
 - 2) Broaden national retail distribution in all regions:
 - a) Australia: increase distribution through large FMCG enterprises;
 - b) US: focus on distribution through bricks and mortar retail stores to capitalise on a period of post-COVID recovery.
 - 3) Innovate in functional plant-based foods and CBD nutraceuticals:
 - a) Australia: continued portfolio expansion into snacks and protein powders as well as rejuvenation of existing product ranges;
 - b) US: new formats and scientifically proven formulations.
 - 4) Accelerate e-commerce growth:
 - a) Increase traffic through paid social, influencers and pay-per-click investment;
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Questions	Answers
	<p>b) Further improve user experience and website speed;</p> <p>c) Activate B2B e-commerce function.</p> <p>Further details about Elixinol's strategy for the Merged Group is set out in Section 6.10 and Section 7.</p>
Questions about your entitlement	
<p>Who is entitled to receive the Scheme Consideration?</p>	<p>Only Scheme Participants, being persons registered as holders of TSN Shares on the Scheme Record Date, will be entitled to receive the Scheme Consideration.</p>
<p>What if I am an Ineligible Shareholder</p>	<p>EXL will not issue New Elixinol Shares to Ineligible Shareholders, being TSN Shareholders who have an address outside Australia or Unmarketable Parcel Shareholders, unless EXL determines that it is lawful and not duly onerous or impracticable to provide that Ineligible Shareholder with New Elixinol Shares.</p> <p>New Elixinol Shares that cannot be issued to Ineligible Shareholders will be issued to the Sale Nominee and sold under the Share Sale Facility. The Share Sale Facility Proceeds will be distributed to the relevant Ineligible Shareholders.</p> <p>See Section 9.4 of this Scheme Booklet for further information.</p>
<p>Why has the exchange ratio of 1.1225 New Elixinol Shares for every TSN Share held been selected?</p>	<p>The ratio has been selected by TSN and EXL having regard to:</p> <ul style="list-style-type: none"> • the recent share trading price of the Elixinol Shares and the TSN Shares on the ASX up until the announcement of the Scheme; • inherent value of the assets and potential of each of EXL and TSN; and • the benefits (including expected synergies) of combining the two businesses.
<p>Are there any differences between my TSN Shares and the New Elixinol Shares I will receive?</p>	<p>Yes, there are certain important differences between the rights attaching to the New Elixinol Shares and the TSN Shares.</p> <p>Section 6.18 includes a summary of the rights and liabilities attaching to the New Elixinol Shares.</p>
<p>Are there any interested parties?</p>	<p>EXL does not hold any TSN Shares and no Elixinol Board member holds TSN Shares.</p>

Questions	Answers
	<p>Canaccord, who was a corporate adviser to TSN, holds both TSN Shares and Elixinol Shares as detailed in section 10.11(b).</p>
<p>Will I be required to pay broker fees or stamp duty?</p>	<p>No, you will not incur any broker fees or stamp duty in respect of the implementation of the Scheme.</p> <p>However, if you are an Ineligible Shareholder, brokerage fees will be deducted from the sale proceeds of the New Elixinol Shares sold through the Share Sale Facility by the Sale Nominee. See Section 9.3 for further details.</p>
<p>When will I receive my Scheme Consideration?</p>	<p>On the Implementation Date, EXL will issue the Scheme Consideration (being the New Elixinol Shares).</p> <p>EXL will ensure that the New Elixinol Shares issued:</p> <ul style="list-style-type: none"> • rank equally with all Elixinol Shares then on issue; • be duly and validly issued in accordance with applicable laws and the Elixinol Constitution; and • be issued fully paid and free from all encumbrances and interests of third parties. <p>In the case of joint holders of Scheme Shares, the Scheme Consideration will be issued and registered in the names of the joint holders.</p> <p>Statements detailing your holding of the New Elixinol Shares are expected to be despatched within two (2) Business Days after the Implementation Date.</p> <p>The Implementation Date is currently expected to be 17 August 2023.</p> <p>See Sections 1.4 and 9.3 for further details.</p>
<p>What is the Share Sale Facility?</p>	<p>Following the Implementation Date, the Sale Nominee will sell under the Share Sale Facility the New Elixinol Shares that would have otherwise been issued to Ineligible Shareholders.</p> <p>Interest will not be paid on any Share Sale Facility Proceeds.</p> <p>There is no guarantee that there will be a liquid market for the New Elixinol Shares. Prices for Elixinol Shares may rise and fall during the sale period and will depend on many factors, including the demand for and supply of Elixinol Shares.</p>

Questions	Answers
	Please see Section 9.4 of this Scheme Booklet for more information.
Can I sell my TSN Shares now?	<p>If the Scheme becomes Effective, TSN Shares will cease trading on ASX at the close of trading on the Effective Date. Accordingly, you can sell your TSN Shares on market at any time before the close of trading on the Effective Date. If the Scheme becomes Effective, no transfers of TSN Shares will be registered after the Scheme Record Date, other than to EXL on the Implementation Date.</p> <p>See Section 9.13 for further details.</p>
What are the tax implications of the Scheme?	<p>The general taxation implications of the Scheme for TSN Shareholders who are residents in Australia are set out in Annexure A.</p> <p>This Scheme Booklet does not contain a discussion of the taxation consequences of the Scheme for TSN Shareholders outside Australia.</p> <p>It is recommended that you consult with your financial, legal, taxation or other professional adviser prior to making a decision on how to vote on the Scheme. Your decision should be based on your own investment objectives, financial situation, taxation position and particular needs.</p>
What is the Proxy Form enclosed with this Scheme Booklet?	<p>If you wish to vote at the Scheme Meeting but will be unable to participate at the Scheme Meeting, you should complete and return the enclosed Proxy Form. You do not need to complete the Proxy Form if you intend to vote personally or by attorney, or in the case of a TSN Shareholder, or proxy who is a corporation, by corporate representative at the Scheme Meeting.</p> <p>For further details regarding proxy voting and submitting the Proxy Form for the Scheme Meeting, see Section 3, the Notice of Meeting in Annexure F.</p>
Questions about conditions to be satisfied to allow the Scheme to proceed	
What are the key conditions to be satisfied before the Scheme can proceed?	<p>There are a number of outstanding Scheme Conditions set out in the Scheme Implementation Deed that will need to be satisfied or waived before the Scheme can be completed. These conditions include:</p> <ul style="list-style-type: none"> • TSN Shareholders approving the Scheme at the Scheme Meeting;

Questions	Answers
	<ul style="list-style-type: none"> • no TSN Material Adverse Change occurring between Announcement Date and 8am on the Second Court Date; • no Elixinol Material Adverse Change occurring between Announcement Date and 8am on the Second Court Date; • no TSN Prescribed Occurrence occurring between Announcement Date and 8am on the Second Court Date; • no Elixinol Prescribed Occurrence occurring between Announcement Date and 8am on the Second Court Date; • each of the TSN Warranties and the Elixinol Warranties is true and correct in all material respects on the date those representations and warranties are given; and • the Court approving the Scheme. <p>These are not the only conditions. The conditions that must be satisfied or waived are discussed in Section 9.9 and set out in full in the Scheme Implementation Deed which is reproduced in Annexure C.</p>
<p>What other information is available?</p>	<p>This Scheme Booklet provides detailed information in relation to the Scheme that all TSN Shareholders should read.</p> <p>If you have any questions or require further information, please call TSN Share Registry on 1800 236 994(within Australia) or +61 1300 554 474 (outside Australia).</p>
Questions about the Scheme Meeting and voting	
<p>When and where will the Scheme Meeting be held?</p>	<p>The Scheme Meeting will be held at 10am on 2 August 2023.</p> <p>TSN Shareholders wishing to vote, or their attorneys or in the case of a TSN Shareholder, or proxy which is a corporation, corporate representatives, can participate in the Scheme Meeting.</p> <p>Note, if you have appointed a proxy and subsequently wish to attend the meeting yourself, the proxy will retain your vote and you will be unable to vote yourself unless you have notified the registrar of the revocation of your proxy appointment before the commencement of the meeting.</p>

Questions	Answers
What will the TSN Shareholders be asked to vote on at the Scheme Meeting?	<p>At the Scheme Meeting, TSN Shareholders will be asked to vote on whether to approve the Scheme by voting on the Scheme Resolution.</p> <p>The Scheme Resolution is set out in the Notice of Scheme Meeting attached in Annexure F.</p>
Who is entitled to vote at the Scheme Meeting?	<p>TSN Shareholders on the TSN Register at 7pm (AEST) on 31 July 2023 will be entitled to vote at the Scheme Meeting. Further details about voting rights and procedures are set out in Section 3 and in the Notice of Meeting in Annexure F.</p>
What approvals are required at the Scheme Meeting?	<p>For the Scheme to be approved, votes in favour of the Scheme must be received from both:</p> <ul style="list-style-type: none"> • a majority in number (more than 50%) of TSN Shareholders present and voting (whether personally or by proxy, attorney, or in the case of a TSN Shareholder or proxy who is a corporation, by corporate representative) at the Scheme Meeting; and • at least 75% of the total number of TSN Shares voted at the Scheme Meeting (whether personally or by proxy, attorney, or in the case of a TSN Shareholder or proxy who is a corporation, by corporate representative).
Is voting compulsory?	<p>No, voting is not compulsory. However, your vote is important. If you cannot attend the Scheme Meeting, you should complete and return the Proxy Form enclosed with the Scheme Booklet. For further details regarding proxy voting and submitting the Proxy Form for the Scheme Meeting, see Section 3.</p>
Will I be bound by the Scheme even if I vote against the Scheme?	<p>If the Scheme becomes Effective, it will bind all TSN Shareholders, including those who voted against it and those who did not vote at all.</p>
How can I vote if I cannot participate in the Scheme Meeting?	<p>If you would like to vote but cannot attend the Scheme Meeting, you can vote by:</p> <ul style="list-style-type: none"> • submitting your proxy online at https://investorcentre.linkgroup.com and following the instructions in the enclosed Proxy Form. You will require the information on your Proxy Form to lodge your Proxy Form through the website; • by mailing a completed Proxy Form to the TSN Share Registry at: <i>C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia</i>

Questions	Answers
	<ul style="list-style-type: none">• appointing an attorney to participate in the Scheme Meeting and vote on your behalf; or• appointing a corporate representative if that option is applicable to you. <p>For details on how to vote please refer to Sections 3.7 and 3.8 of this Scheme Booklet.</p>
<hr/> When will the results of the Scheme Meeting be known?	<p>The results of the Scheme Meeting are expected to be available shortly after the conclusion of the meeting and will be announced to ASX (www.asx.com.au) once available.</p> <p>Even if the Scheme is approved by the requisite majority at the Scheme Meeting, the Scheme is still subject to the approval of the Court (as well as other Scheme Conditions).</p> <hr/>

3. WHAT TO DO AND HOW TO VOTE

3.1 Carefully read and consider this Scheme Booklet

This is an important document. You should read the information in this Scheme Booklet in its entirety before making a decision on how to vote at the Scheme Meeting. If you are in doubt as to what you should do, you should consult your legal, investment or other professional adviser.

3.2 Consider the reasons to vote in favour of the Scheme, the disadvantages of voting in favour of the Scheme and the risks of the Scheme

Refer to Section 4.2 for a discussion of the reasons to vote in favour of the Scheme, Section 4.4 for a discussion of the disadvantages of voting in favour of the Scheme and Section 4.3 for a discussion of the consequences if the Scheme does not proceed.

3.3 Consider the recommendation of the TSN Directors and the opinion of the Independent Expert

The TSN Board unanimously recommends that, in the absence of a Superior Proposal, you vote in favour of the Scheme at the Scheme Meeting. Each TSN Director who holds TSN Shares, or on whose behalf TSN Shares are held, intends to vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal.

The Independent Expert has concluded that the Scheme Consideration is "*not fair but reasonable*" and "*in the best interests*" of TSN Shareholders in the absence of a Superior Proposal.

3.4 Scheme Meeting

The Notice convening the Scheme Meeting is contained in Annexure F. A personalised Proxy Form is also enclosed with this Scheme Booklet.

For the Scheme to proceed, votes in favour of the Scheme must be received from both:

- (a) a majority in number (more than 50%) of TSN Shareholders present and voting at the Scheme Meeting (whether personally or by proxy, attorney, or in the case of a TSN Shareholder, or proxy who is a corporation, by corporate representative) (**Headcount Test**); and
- (b) at least 75% of the total number of TSN Shares voted at the Scheme Meeting by TSN Shareholders (personally or by proxy, attorney, or in the case of a TSN Shareholder or proxy who is a corporation, by corporate representative).

The Court has a statutory discretion to disregard the Headcount Test for the purposes of the Scheme Meeting.

The passing of the resolutions approving the Scheme is a condition of the Scheme becoming Effective and being implemented.

3.5 Vote on the Scheme in person or by proxy

Your Directors urge all TSN Shareholders to vote on the Scheme at the Scheme Meeting. The Scheme affects your TSN Shares and your vote at the Scheme Meeting is important in determining whether the Scheme proceeds. Voting entitlements and how to vote instructions follow in Sections 3.6, 3.7 and 3.8 below.

3.6 Voting entitlements

Each person who is registered on the TSN Register as a TSN Shareholder as at the Scheme Record Date, is entitled to attend and vote at the Scheme Meeting, either by personally participating in the Scheme Meeting or by appointing a proxy, an attorney or, in the case of a TSN Shareholder or proxy who is a corporation, a corporate representative to participate in the Scheme Meeting and vote on your behalf.

Registered transfers or transmission applications that are registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

Voting at the Scheme Meeting will be by poll.

The Notice convening the Scheme Meeting is contained in Annexure F. A Proxy Form for the Scheme Meeting is also enclosed with this Scheme Booklet.

If more than one TSN Shareholder votes in respect of jointly held TSN Shares, only the vote of the TSN Shareholder whose name appears first in the TSN Register will be counted whether the vote is given personally, by attorney or proxy.

3.7 Voting at the Scheme Meeting

(a) Voting in person

TSN Shareholders wishing to vote, or their attorneys or in the case of a TSN Shareholder or proxy which is a corporation, corporate representatives, can participate in the Scheme Meeting by attending the meeting.

(b) Voting by proxy

TSN Shareholders wishing to appoint a proxy to vote on their behalf at the Scheme Meeting must either complete and sign or validly authenticate the personalised Proxy Form which accompanies this Scheme Booklet or lodge their proxy. A person appointed as a proxy may be an individual or a body corporate. Completed Proxy Forms must be delivered to the Share Registry by 10am (Melbourne time) on 31 July 2023 in any of the following ways:

- (i) **By mail** in the enclosed reply-paid envelope (or the self-addressed envelope, for TSN Shareholders whose registered address is outside Australia) mailed to the Share Registry at:

The Sustainable Nutrition Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia.

- (ii) **Online** if you wish to appoint your proxy online, you should do so by visiting <https://investorcentre.linkgroup.com> and following the instructions in the enclosed Proxy Form. Online appointments of proxies must be done by 10am (Melbourne time) on Monday, 31 July 2023.

- (iii) **By hand** to:

*Link Market Services Limited
Parramatta Square, Level 22, Tower 6,
10 Darcy Street, Parramatta NSW 2150*

Note, if you have appointed a proxy and subsequently wish to attend the meeting yourself, the proxy will retain your vote and you will be unable to vote yourself unless you have notified the registrar of the revocation of your proxy appointment at the meeting.

(c) **Undirected proxies**

If a TSN Shareholder nominates the chair of the Scheme Meeting as its proxy, the person acting as chair of the meeting must act as proxy under the appointment in respect of any or all items of business to be considered at the Scheme Meeting.

If a proxy appointment is signed or validly authenticated by that TSN Shareholder but does not name the proxy or proxies in whose favour it is given, the chair of the Scheme Meeting will act as proxy in respect of any or all items of business to be considered at the Scheme Meeting.

Proxy appointments in favour of the Chair of the meeting, the company secretary or any TSN Director which do not contain a direction as to how to vote will be voted in favour of the Scheme Resolution at the Scheme Meeting (in the absence of a Superior Proposal from another party prior to the date of the Scheme Meeting).

The Chair intends to vote undirected proxies of which she is appointed as proxy in favour of the resolutions to approve the Scheme (in the absence of a Superior Proposal from another party prior to the date of the Scheme Meeting).

(d) **Voting by attorney**

If a TSN Shareholder executes, or proposes to execute, any document, or do any act, by or through an attorney which is relevant to that TSN Shareholder's shareholding, that TSN Shareholder must deliver the instrument appointing the attorney to the Share Registry for notation.

TSN Shareholders wishing to vote by attorney at the Scheme Meeting must, if they have not already presented an appropriate power of attorney to TSN for notation, deliver to the Share Registry (at the address, email or facsimile number provided in Section 3.7(b) of this Scheme Booklet) the original instrument appointing the attorney or a certified copy of it by 10am (Melbourne time) on Monday, 31 July 2023.

Any power of attorney granted by a TSN Shareholder will, as between TSN and that TSN Shareholder, continue in force and may be acted on, unless express notice in writing of its revocation or the death of the relevant TSN Shareholder is lodged with TSN.

(e) **Voting by corporate representative**

To vote at the Scheme Meeting, a TSN Shareholder or proxy which is a corporation may appoint an individual to act as its representative.

To vote by corporate representative at the Scheme Meeting, a TSN Shareholder or proxy which is a corporation should obtain a Certificate of Appointment of Corporate Representative from the Share Registry, and complete and sign the form in accordance with the instructions on it. The completed appointment form should be lodged with the Share Registry (at the address, email or facsimile number provided in Section 3.7(b) of this Scheme Booklet) by 10am (Melbourne time) on Monday, 31 July 2023.

The appointment of a representative may set out restrictions on the representative's powers.

The original form of appointment of a representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.

The chair of the meeting may permit a person claiming to be a representative to exercise the body's powers even if they have not produced a certificate or other satisfactory evidence of their appointment.

3.8 If you have any further queries

Please refer to the notice of Scheme Meeting in Annexure F to this Scheme Booklet for further information on voting procedures and details of the resolutions to be voted on at the Scheme Meeting.

The results of the Scheme Meeting will be available online and will be announced to ASX shortly after the conclusion of the meeting.

If you have any questions in relation to the Scheme, the Scheme Booklet or the Scheme Meeting after reading this Scheme Booklet, please contact your legal, investment or other professional adviser or contact TSN Share Registry on 1800 236 994 (within Australia) or +61 1300 554 474 (outside Australia).

If you would like more information about TSN, you can visit the TSN website at www.sustainablenutrition.com.au.

If you would like more information about EXL, you can visit the EXL website at www.elixinolwellness.com.

4. ASSESSMENT OF THE SCHEME AND THE REASONS IT IS BEING PROPOSED

4.1 TSN Board's recommendation

The TSN Board unanimously recommends that, in the absence of a Superior Proposal, you vote in favour of the Scheme at the Scheme Meeting.

Each TSN Director who holds TSN Shares or on whose behalf TSN Shares are held, intends to vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal.

In making this recommendation, the TSN Board have, among other things, considered:

- (a) the reasons TSN Shareholders should vote in favour of the Scheme as set out in Section 4.2;
- (b) the consequences if the Scheme does not proceed as set out in Section 4.3; and
- (c) the disadvantages of voting for the Scheme as set out in Section 4.4;

The TSN Board may change its recommendation if a Superior Proposal is made. In certain circumstances, a change in recommendation will trigger a Break Fee – see Section 4.5(b) below.

4.2 Why TSN Shareholders should vote in favour of the Scheme

The TSN Board believes TSN Shareholders should vote in favour of the Scheme at the Scheme Meeting for the following reasons:

- (a) **Compelling strategic rationale for combining TSN and EXL:** Centralising TSN and Hemp Food Australia's operations will create synergies (through the rationalisation of operations, and corporate costs).
- (b) **Creates a global plant-based nutrition, health and wellness company:** The Merged Group can optimise the supply chain and leverage access to one of Australia's largest contracted hemp grower networks.
- (c) **Highly complementary product suite with improved product innovation:** The Merged Group will offer brands across the human nutrition, pet, CBD, and wellness verticals. Additionally, the Merged Group's new product development and IP sharing will assist in driving cost effective growth, whilst also accelerating e-commerce growth with increased SKUs and product range aimed at increasing growth in website traffic and online sales through seven e-commerce sites, including in the US.
- (d) **Expands distribution network:** Immediately broadens distribution capabilities across Australia providing substantial cross-sell opportunities for EXL and TSN brands, and the ability for EXL and TSN to expand existing relationships with partners and distributors.
- (e) **Increases size and scale:** Leveraging the strategic reviews conducted by TSN and EXL, the Merged Group aims to realise economies of scale through the rationalisation of operations and distribution channels. The Merged Group targets cost and revenue synergies to be realised over time, as well as margin expansion through the consolidation of operations.
- (f) **Leveraged to strong sector tailwinds:** The Merged Group is positioned to leverage the mainstream shift towards plant based, sustainable nutrition products. The global

plant-based protein market is expected to significantly grow from US\$10.3bn in 2020 to US\$17.5bn in 2027⁶.

- (g) **Superior offer:** The Offer, compared to other available alternatives, represents in the TSN Board's view the most superior offer in terms of value and degree of certainty.
- (h) **Impact on TSN's Share price:** If the Offer is not approved and, in the absence of a Superior Proposal, the price of TSN shares may fall below the implicit value of the offer price. As at the Last Practicable Date⁷, TSN's share price has fallen from \$0.14 (as at the Announcement Date) to \$0.007.
- (i) **Greater scale and financial strength:** On implementation of the Scheme, TSN Shareholders will receive shares in a larger company with a stronger balance sheet. Additionally, with increased scale, resources and market capitalisation, the Merged Group is expected to have a greater ability to pursue strategic growth opportunities.
- (j) **Best interests of TSN Shareholders:** The Independent Expert has concluded that in the absence of a Superior Proposal the Scheme to be "*not fair but reasonable*" and "*in the best interests*" of TSN Shareholders. The Independent Expert has assessed the Fair Value per TSN Share prior to the Scheme (on a controlling basis) to be 2.01 cents per TSN Share or valuing TSN as a whole at \$2,829,334. The Independent Expert implies a value of the New Elixinol Shares to be received by TSN Shareholders as part of the Scheme Consideration, on a "non-controlling basis" to be in the range of 1.51 cents to 1.57 cents per TSN Share. Please refer to Annexure B of this Scheme Booklet which contains the Independent Expert Report and further details of the Independent Expert's assessment.
- (k) **No brokerage charges or stamp duty:** TSN Shareholders will not incur any brokerage charges or stamp duty on the transfer of your TSN Shares under the Scheme. However, if you are an Ineligible Shareholder, brokerage fees will be deducted from the Share Sale Facility Proceeds.

4.3 If the Scheme does not proceed

If the Scheme is not implemented:

- (a) while the TSN Directors are unable to predict the price at which TSN Shares will trade in the future, the price of TSN Shares may fall beneath the value of the Scheme Consideration in the absence of a Superior Proposal;
- (b) material transaction costs and expenses relating to the Scheme will be incurred by TSN (estimated at approximately \$510,000 as at the date of this document);
- (c) the benefits of the Scheme will not be realised;
- (d) TSN Shareholders will retain their interests in TSN Shares and continue to collectively control TSN;
- (e) TSN will remain an independent company listed on the ASX;

⁶ UnivDatos Market Insights: Plant Based Protein Market. Current Analysis and Forecast 2021-2027, July 2021. ASX Announcement 16 November 2021: Agreement with APP- Additional Information

⁷ Based on Elixinol's closing share price of \$0.014 as at the Last Practicable Date.

- (f) TSN will continue to operate under the existing corporate structure including ongoing high costs involved in operating a listed public company;
- (g) the rights of TSN Shareholders will remain unchanged;
- (h) the share price may fall below the price equivalent to the Scheme Consideration being \$0.0157 as at the Last Practicable Date⁸. The 3 month volume-weighted average price as at the Announcement Date was \$0.14;
- (i) trading in TSN Shares could remain relatively illiquid;
- (j) to enable growth, additional funding via debt and a discounted equity raising will be required which is unlikely to be achieved without the risk of dilution or impact to current TSN Shareholders;
- (k) depending on the reasons the Scheme does not proceed, TSN or EXL may also be liable to pay a Break Fee to the other. Details of the Break Fees and the circumstances in which they may become payable are set out in Section 4.5(b); and
- (l) TSN Shareholders may not, in the near term, realise a price for their TSN Shares which is equivalent to or greater than the implied value of the Scheme Consideration.

4.4 Disadvantages of voting in favour of the Scheme

Disadvantages of the Scheme to TSN Shareholders include:

- (a) You may believe that the Scheme is not in the best interests of TSN Shareholders or you may consider that the Scheme Consideration is too low. The Scheme Consideration represents a 67% premium to TSN's 1-month VWAP for the period ended on the Last Practicable Date⁹.
- (b) The Independent Expert has found that the Scheme is not fair to Shareholders.
- (c) Shareholders will, collectively, have a diluted ownership of 25.3% in the Merged Group (before the exercise of options or performance rights on issue immediately after the Scheme). This will reduce Shareholders' ability to influence decisions such as the composition of the Board and the acquisition and disposal of assets.
- (d) You may wish to maintain a direct interest in TSN as a listed company. If the Scheme is implemented you will no longer be able to participate in any value offered by a direct investment in TSN.
- (e) You may consider that there is the potential for a Superior Proposal to be made to TSN. No proposal superior to the Scheme has emerged as at the date of this Scheme Booklet.
- (f) The tax consequences or implications (if any) of transferring your TSN Shares may not be suitable to your financial position. The general tax implications for TSN Shareholders are described in Annexure A to this Scheme Booklet but you should obtain advice about your personal circumstances.

⁸ Based on Elixinol's closing share price of \$0.014 as at the Last Practicable Date.

⁹ Based on Elixinol's closing share price of \$0.014 as at the Last Practicable Date.

- (g) The value of the Scheme Consideration is not certain and will depend on the price at which New Elixinol Shares trade on the ASX after the Implementation Date. There is a risk that the New Elixinol Shares may trade at a price which is lower than the Scheme Consideration after the Implementation Date.
- (h) Ineligible Shareholders will not receive New Elixinol Shares should the Scheme be implemented. The New Elixinol Shares, to which the Ineligible Foreign Shareholders and relevant Unmarketable Parcel Shareholders would otherwise have been entitled, will be issued to and sold by a sale agent, with the net sale proceeds distributed to those shareholders, notwithstanding that those shareholders may have wished to retain an interest in the Merged Group.
- (i) There are a number of risks associated with the Merged Group as outlined in section 8 which may be different from only having an interest in TSN (rather than the Merged Group). This change in risk profile may not meet some Shareholders' investment strategy.

4.5 Other relevant considerations

(a) Exclusivity

TSN has agreed to the following exclusivity arrangements with EXL for the Exclusivity Period:

- (i) TSN must not, and must ensure that its Representatives and related bodies corporate do not, amongst other things, do any of the following:
 - (A) solicit, invite, initiate, or encourage any Competing Proposal, or any enquiries, proposals, negotiations or discussions with a third party in relation to (or that could reasonably be expected to lead to) an actual, proposed or potential Competing Proposal or which may otherwise lead to the transaction not being completed;
 - (B) enter into or participate in any negotiations or discussions with any third party in relation to an actual or potential Competing Proposal or which may otherwise lead to the transaction not being completed, even if that third party's Competing Proposal was not directly or indirectly solicited, encouraged or initiated by TSN or any of its Representatives, or that third party has publicly announced the Competing Proposal; or
 - (C) solicit, invite, initiate, encourage, facilitate or permit, any third party to undertake due diligence investigations in respect of TSN or make available to any third party or permit any third party to receive any non-public information relating to TSN or EXL, for the purpose of formulating, developing or finalising, or assisting in formulating, developing or finalising of a Competing Proposal.
- (ii) TSN must promptly (and in any event within two Business Days) notify EXL if it or any of its Representatives:
 - (A) receives any Competing Proposal;
 - (B) receives any approach, inquiry or proposal made by any third party to initiate any discussions or negotiations that could reasonably be expected to lead to a Competing Proposal; or

- (C) becomes aware of any provision by it or any of its Representatives of, any material non-public information relating to any member of the TSN Group to any third party in relation to any Competing Proposal;
- (iii) During the Exclusivity Period, TSN:
- (A) must not, and must procure that each member of the TSN Group does not, enter into any legally binding agreement, arrangement or understanding in relation to a Competing Proposal. Such legally binding agreement, arrangement or understanding does not include a member of the TSN Group entering into a confidentiality agreement or like agreement for the purpose of providing non-public information in relation to an actual, proposed or potential Competing Proposal; and
- (B) must procure that no TSN Director publicly changes, withdraws or adversely modifies their recommendation or voting statement in respect of the Scheme to publicly recommend a Competing Proposal, and must not enter into any agreement to implement a Competing Proposal, or make any public statement to the effect that he or she no longer supports the Scheme, unless the withdrawal, change, modification or qualification is permitted by the Scheme Implementation Deed,
- unless:
- » the TSN Board determines that the Competing Proposal is or is reasonably likely to be a Superior Proposal;
 - » TSN has provided EXL with all material terms of the actual, proposed or potential Competing Proposal, including price and the identity of the Competing Bidder making the actual, proposed or potential Competing Proposal;
 - » TSN has given EXL at least ten (10) days after the date of the provision of the information referred to above to provide a counter proposal to the terms of the actual, proposed or potential Competing Proposal (**Bidder Counterproposal**); and
 - » EXL has not announced a Bidder Counterproposal that the TSN Board, acting reasonably and in good faith, determines would result in an outcome for the TSN Shareholders that is at least as favourable as the terms of the actual, proposed or potential Competing Proposal by the expiry of the ten (10) day period.

(b) **Break Fees**

TSN will be liable to pay the Target Break Fee to EXL if the Scheme does not proceed (as a result of the reasons listed in section 1.7(b)).

EXL will be liable to pay the Bidder Break Fee to TSN if the Scheme does not proceed (as a result of the reasons listed in section 1.7(b)).

5. OVERVIEW OF TSN

5.1 Background

TSN's founders (previously Australian Primary Hemp (APH)) first began researching alternative proteins with a focus on hemp in 2012. After numerous research and development efforts, TSN launched in 2016 with a multi-layered approach to:

- » establish a network of farmers to grow hemp seed under contract and produce hemp grain;
- » purchase (hemp seed varieties that are suited to the Australian climate);
- » establish one of Australia's largest hemp facilities in Victoria, to process and package hemp grain; and
- » produce and sell hemp including APH branded hemp products.

Today, TSN is a vertically integrated plant-based nutrition company with a focus on sustainability. TSN engages across the value chain encompassing seed selection, farming, processing, packaging, distribution and sales of bulk, food service and retail products. TSN has continued to grow its product offering and brand portfolio, which currently includes Mt Elephant, Australian Primary Hemp, Australian Super Foods Co, and Field Day. TSN's brands predominately distribute plant and hemp-based products across retail, wholesale, e-commerce, and white label channels to customers in Australia.

TSN has developed a diversified network of established retail distribution partners including Woolworths, and PETstock, in addition to its online e-commerce distribution channels and broader wholesale agreements for its ingredient's products. With locations across all Australian states, as at 26 April 2023 the TSN network comprised 1,007 supermarkets, 367 retail outlets and 197 specialty retail outlets plus several e-commerce platforms.

TSN is listed on the ASX (ASX: TSN). As at 17 May 2022, being the last trading day before the Announcement Date, TSN had a market capitalisation of approximately \$17 million (based on a closing price of \$0.14 per TSN Share). As at the Last Practicable Date, TSN had a market capitalisation of approximately \$985,000 (based on a closing price of \$0.007 per TSN Share).

For the financial year ended 30 June 2022, TSN reported total revenue of \$3.4m.

5.2 TSN Brand Portfolio



			
<ul style="list-style-type: none"> • Launched in September 2020 • Plant-based challenger food brand • Distribution agreement with Woolworths (Baking Products) and independent retailers 	<ul style="list-style-type: none"> • Launched in June 2021 • Innovative pet brand • Distribution into Australian retailers • Direct to consumer channel also growing 	<ul style="list-style-type: none"> • Market leader in native & indigenous ingredients • Sourced directly from indigenous communities across Australia • Growing and production is sustainable and traceable 	<ul style="list-style-type: none"> • Traditional hemp ingredients business • Innovative new products - Hemp Isolate in late stage development • Supply contracts with Australian farmers

(a) Mt. Elephant

Launched in September 2020, TSN's Mt. Elephant brand was established to capture the growing consumer demand for incorporating plant-based superfoods in everyday home cooking. The brand focuses on nutritious ingredients and currently produces a range of baking products, hemp seed oils, proteins, flour, and de-hulled hemp seeds. Mt. Elephant products are high in Omega-3 and -6, Magnesium and Gamma Linoleic acids, which assist in enhancing health and wellbeing.

(b) Field Day

Launched in June 2021, TSN's Field Day brand was established to capture the rapidly growing demand for Pet health products in both Australia and internationally. The brand was launched initially with a range of four nutritional supplements and has been well supported with distribution in a number of retailers and e-tailers including Pet Stock, Pet Circle, Pet Culture, Best Friends and My Pet Warehouse.

(c) Australian Primary Hemp (APH)

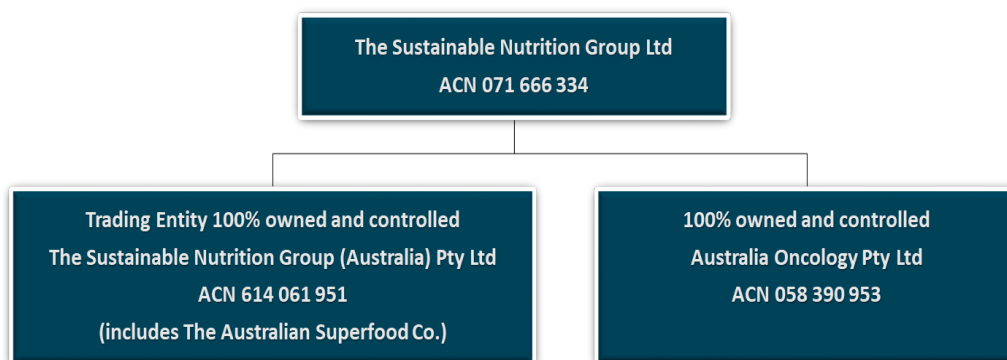
TSN manufactures and distributes its hemp ingredients range of products under the APH brand, to retail, wholesale, and white label customers in Australia. An innovative Hemp Isolate is also being developed in partnership with Australian Plant Proteins Pty Ltd (APP) at its state-of-the-art protein isolate fractional facility in Victoria under a Research Services Agreement

(Agreement). Under the Agreement, TSN owns the intellectual property for the product and has 15-year exclusivity on its sale.

(d) **Australian Super Food Co (TASCo)**

Established in 2015 and acquired by TSN in January 2022, The Australian Superfood Company is a producer of Australian native and indigenous foods and ingredients, beverages, nutraceuticals and cosmetics products. It supplies a diverse range of native and indigenous fruits and ingredients including Bush Apple, Bunya Nut Meal, Aniseed Myrtle, Desert Lime, Wattleseed and Finger Lime to both the domestic and export markets. The Australian Superfood Company has an established supply chain built on long term relationships across a network of growers and indigenous communities and has the capability to scale supply to meet future demand.

5.3 TSN's corporate structure



5.4 TSN's Directors and senior management

(a) **Directors**

As at the date of this Scheme Booklet, the TSN Board is comprised of the following directors:

Name	Current position
Ms Pauline Gately	Interim Non-Executive Chair
Mr Shane Gild	Independent Non-Executive Director
Mr James Hood	Non-Executive Director
Mr Thomas Siebel	Independent Non-Executive Director

Biographies of the TSN Board are available on TSN's website at: <https://sustainablenutrition.com.au/investors/>.

(b) **Senior management**

As at the date of this Scheme Booklet, TSN's executive team is comprised of the following members:

Name	Current position
Ms Sarah Jensen	Business Development Director
Ms Natalie Martin	GM Australian Superfood Co
Mr Mitchell Costin	Operations Manager

5.5 TSN historical financial information

(a) Introduction

This Section 5.5 contains the historical financial information for TSN (**TSN Historical Financial Information**) comprising:

- the historical consolidated income statements and other comprehensive income for the years ended 30 June 2022, 30 June 2021; 30 June 2020 and the 6 months ended 31 December 2022;
- the historical consolidated balance sheets as at 30 June 2022, 30 June 2021, 30 June 2020 and the 6 months ended 31 December 2022; and
- the historical consolidated statements of cash flows for the years ended 30 June 2022, 30 June 2021, 30 June 2020 and the 6 months ended 31 December 2022.

(b) Basis of Preparation

The following section contains historical financial information about the consolidated entity consisting of TSN and the entities it controlled at the end of, or during, the 12 month periods ended 30 June 2020, 30 June 2021, 30 June 2022 and the 6 months ended 31 December 2022.

The financial information in this Scheme Booklet is in an abbreviated form and does not contain all of the presentations and disclosures that are usually provided in an annual report and should therefore be read in conjunction with the financial statements of TSN for the respective periods, including the description of the significant accounting policies contained in those financial statements and the notes to those financial statements.

The information has been extracted from the audited financial reports of TSN for the year ended 30 June 2022 as announced to ASX on 5 January 2023, and the 31 December 2022 half year report announced to ASX on 28 February 2023 and are available on the TSN website at <https://sustainablenutrition.com.au>.

Further detail on TSN's financial performance and financial statements for the year ended 30 June 2021 as announced to ASX on 31 August 2021 can be found in the annual report for the financial year ended 30 June 2021 that is available on the TSN website at <https://sustainablenutrition.com.au>.

(c) TSN Historical Consolidated Income Statement

Below is a summary of TSN's historical consolidated income statement for the full financial years ended 30 June 2022 and 30 June 2021, 30 June 2020 and the 6 months ended 31 December 2022.

Consolidated statement of profit or loss and other comprehensive income

	Consolidated			
	\$ 6 months 31-Dec-22	\$ 30-Jun-22	\$ 30-Jun-21	\$ 30-Jun-20
Revenue	1,857,394	3,404,386	1,889,341	1,158,785
Other income		2,733	180,000	112,000
Interest income	17	264	462	1,105
Expenses				
Raw materials, inventories and consumables used	(1,099,837)	(1,997,839)	(1,089,227)	(958,813)
Employee benefits expenses	(1,080,903)	(2,859,321)	(2,028,874)	(4,069,775)
Professional and consulting	(356,241)	(631,222)	(1,486,495)	(1,346,371)
Other expenses	(734,488)	(2,827,962)	(1,609,430)	(126,283)
Depreciation and amortisation expenses	(200,857)	(248,449)	(149,262)	(531,406)
Finance costs	(69,399)	(85,605)	(99,820)	(153,516)
Loss before income tax expense	(1,684,044)	(5,243,015)	(4,393,305)	(5,914,274)
Income tax expense		-	-	-
Loss after income tax expense for the year	(1,684,044)	(5,243,015)	(4,393,305)	(5,914,274)
Other comprehensive income for the year, net of tax		-	-	-
Total comprehensive income for the year	(1,684,044)	(5,243,015)	(4,393,305)	(5,914,274)
Basic loss per share	(1.40)	(4.80)	(5.33)	(10.87)
Diluted loss per share	(1.40)	(4.80)	(5.33)	(10.87)

(d) **Management discussion and analysis of financial performance**

Please refer to the commentary provided within the Directors' Reports contained within the 2022 Annual Report.

(e) **TSN Historical Consolidated Balance Sheet**

Below is a summary of TSN's historical consolidated statement of financial position for the full financial years ended 30 June 2022 and 30 June 2021; 30 June 2020 and for the half year ended 31 December 2022.

Consolidated statement of financial position				
	Consolidated			
	\$ 6-months 31- Dec-22	\$ 30-Jun-22	\$ 30-Jun-21	\$ 30-Jun-20
Assets				
Current assets				
Cash and cash equivalents	513,522	378,420	4,100,563	2,345,368
Trade and other receivables	347,604	583,811	673,131	169,119
Inventories	3,278,651	3,256,000	2,563,347	944,444
Prepayments	141,681	183,371	137,888	92,351
Total current assets	4,281,458	4,401,602	7,474,929	3,551,282
Non-current assets				
Property, plant and equipment	802,229	883,744	849,218	862,386
Right-of-use assets	149,974	218,449	181,575	135,948
Intangibles	924,752	976,187	-	-
Prepayments	27,147	32,083	77,330	133,899
Other non-current assets	920,000	920,000	-	-
Total non-current assets	2,824,102	3,030,463	1,108,123	1,132,233
Total assets	7,105,560	7,432,065	8,583,052	4,683,515
Liabilities				
Current liabilities				
Trade and other payables	1,332,179	1,122,803	1,714,870	256,824
Borrowings	1,196,214	103,445	267,667	270,076
Lease liabilities	126,308	142,799	79,268	40,664
Employee benefits	108,196	130,564	119,088	53,260
Total current liabilities	2,762,897	1,499,611	2,180,893	620,824
Non-current liabilities				
Borrowings	920,000	920,000	968,583	1,219,718
Lease liabilities	38,664	95,133	110,712	95,284
Employee benefits	24,818	21,198	9,205	5,095
Total non-current liabilities	983,482	1,036,331	1,088,500	1,320,097
Total liabilities	3,746,379	2,535,942	3,269,393	1,940,921
Net assets	3,359,181	4,896,123	5,313,659	2,742,594

(f) **TSN Historical Consolidated Statement of Cash Flows**

Below is a summary of TSN's historical consolidated statement of cash flows for the full financial years ended 30 June 2022 and 30 June 2021; 30 June 2020 and for the 6 months ended 31 December 2022.

	Consolidated statement of cash flows			
	\$ 6-months 31-Dec-22	\$ 30-Jun-22	Consolidated	
			\$ 30-Jun-21	\$ 30-Jun-20
Cash flows from operating activities				
Receipts from customers (inclusive of GST)	1,984,383	3,753,216	1,533,290	1,124,350
Payments to suppliers and employees (inclusive of GST)	(2,804,125)	(8,666,961)	(5,390,110)	(4,028,345)
	(819,742)	(4,913,745)	(3,856,820)	(2,903,995)
Interest received	17	264	480	1,105
Other revenue		13,510	44,907	-
Interest and other finance costs paid		(83,656)	(102,292)	(137,094)
Covid-19 related government grants		-	180,000	112,000
Net cash used in operating activities	(819,725)	(4,983,627)	(3,733,725)	(2,927,984)
Cash flows from investing activities				
Payment for purchase of business, net of cash acquired		(1,854,648)	-	(277,269)
Payments for property, plant and equipment		(131,224)	(121,580)	5,592,263
Payments for security deposits		(920,000)	-	-
Proceeds from disposal of property, plant and equipment		8,500	10,269	-
Net cash used in investing activities		(2,897,372)	(111,311)	5,314,994
Cash flows from financing activities				
Proceeds from issue of shares		4,700,000	6,164,560	-
Share issue transaction costs		(235,000)	(265,680)	800,000
Interest and other finance costs paid	(64,469)	-	-	-
Repayment of borrowings	(392,414)	(1,132,805)	(253,544)	(65,500)
Payment of principal element of lease liabilities	(73,474)	(93,339)	(45,105)	(137,257)
Payment to security deposit		920,000	-	(596,978)
Proceeds of borrowings	\$1,485,183	-	-	(46,281)
Net cash from financing activities	954,826	4,158,856	5,600,231	(46,016)
Net increase/(decrease) in cash and cash equivalents	135,101	(3,722,143)	1,755,195	2,340,994

Cash and cash equivalents at the beginning of the financial year	378,421	4,100,563	2,345,368	4,374
Cash and cash equivalents at the end of the financial year	513,522	378,420	4,100,563	2,345,368

5.6 Material changes in TSN's financial position since 30 June 2022

Other than the items noted below and disclosed in this Scheme Booklet, to the knowledge of the TSN Directors at the date of this Scheme Booklet, the financial position of TSN has not materially changed since 30 June 2022, being the date of TSN's audited financial statements for the year ended 30 June 2022 (released to the ASX on 5 January 2023).

The following material changes have occurred since 30 June 2022:

- As announced on the ASX platform on 29 November 2022, EXL has agreed to extend a 12-month secured loan of up to \$2m to TSN's operating subsidiary, The Sustainable Nutrition Group (Australia) Pty Ltd ACN 614 061 794 to enable the TSN Group to refinance existing debt, to cover the costs, fees and expenses to undertake the Scheme as well as working capital requirements in the period prior to the Scheme becoming Effective. The loan is reflected in TSN's half yearly accounts released to the ASX on 28 February 2023.
- TSN paid \$106,154.91 to Moneytech Finance Pty Ltd out of proceeds from the first EXL loan drawdown on 16 December 2022 to close out the short term loan facility extended by Moneytech Finance Pty Ltd to TSN in July 2022;
- As announced on the ASX platform on 20 June 2023, EXL has agreed to advance a further \$400,000 to TSN.
- As approved at TSN's 2022 Annual General Meeting held on 15 March 2023, the following securities were issued on 15 March 2023 to TSN Directors in lieu of accrued directors remuneration owing:
 - Ms Pauline Gately – 4,420,475 TSN Shares;
 - Mr James Hood – 2,791,878 TSN Shares;
 - Mr Shane Gild – 2,791,878 Target Shares; and
 - Mr Thomas Siebel - 2,791,878 Target Shares.
- As approved at TSN's 2022 Annual General Meeting held on 15 March 2023, TSN issued 7,360,406 TSN Shares to Pauline Gately which are restricted and conditional upon the Scheme becoming Effective.

5.7 TSN securities and capital structure

(a) TSN securities on issue

As at the date of this Scheme Booklet, the capital structure of TSN comprises the following securities.

Type of security	Number on issue*
TSN Shares	140,762,900**
TSN Employee Performance Rights	420,000
TSN Options	15,480,438

* No other securities in TSN were on issue as at the date of this Scheme Booklet. However, the actual number of TSN Shares and TSN Options on issue as at the Scheme Record Date may vary to the extent any TSN Option holders exercise their TSN Options before the Scheme Record Date.

** This includes 7,360,406 TSN Shares which have not vested and will only vest on the Effective Date. If the Scheme does not become Effective before the End Date, Ms Pauline Gately has agreed to dispose of the TSN Shares as directed by the TSN Board including by way of a buy-back for no consideration.

(b) **TSN Shares**

As at the Last Practicable Date, TSN has a total of 140,762,900 ordinary shares on issue.

In addition, TSN anticipates that it will issue 140,000 TSN Shares before the Scheme Record Date in respect of the proposed cancellation of existing TSN Employee Performance Rights. Please see section 5.7(d) of this Scheme Booklet for further information.

It is expected that, as at the Scheme Record Date, a maximum of 140,902,900 TSN Shares will be on issue.

(c) **Twenty largest quoted equity security holders**

As at the Last Practicable Date the names of the twenty largest holders of TSN's quoted securities were:

Rank	TSN Shareholder	TSN Shares	%
1.	MS PAULINE THERESE GATELY	11,830,881	8.40%
2.	JAMES ROBERT HOOD PTY LTD <BLUESTONE A/C>	10,144,423	7.21%
3.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,882,861	7.02%
4.	UBS NOMINEES PTY LTD	6,293,750	4.47%
5.	COTTON ON INNOVATION FUND PTY LTD	3,984,375	2.83%
6.	COTTON ON INNOVATION FUND PTY LTD	3,500,000	2.49%

7.	G4 INVESTORS PTY LTD <G4 INVESTORS A/C>	3,291,878	2.34%
8.	INTERDALE PTY LTD <MAPLE SUPER A/C>	2,843,750	2.02%
9.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,813,934	2.00%
10.	THOMAS SIEBEL	2,791,878	1.98%
11.	TTOR PTY LTD <H M AND C PETRICEVIC SF A/C>	2,600,000	1.85%
12.	AJ HARDWICK INVESTMENTS PTYLTD <HARDWICK INVESTMENT A/C>	2,433,193	1.73%
13.	TTOR PTY LTD <H M AND C PETRICEVIC SF A/C>	2,399,999	1.70%
14.	CROFTON PARK DEVELOPMENT PTY LTD <BROUGHAM SUPER FUND A/C>	2,083,750	1.48%
15.	CG NOMINEES (AUSTRALIA) PTY LTD	2,000,000	1.42%
16.	CY CAPITAL PTY LTD	1,850,000	1.31%
17.	SCOTT FAMILY RETIREMENT PTY LTD <LBC SUPER FUND A/C>	1,832,754	1.30%
18.	MR WILLIAM ALEXANDER MORRISON	1,800,000	1.28%
19.	INTERDALE PTY LTD <MAPLE SUPER A/C>	1,386,485	.98%
20.	MR SISSAY ASSEFA DEGEFFA + MRS MAHLET KASSA SHEMENE	1,350,000	.96%

(d) **TSN Employee Performance Rights**

As at the Last Practicable Date, TSN has on issue a total of 420,000 TSN Employee Performance Rights. In accordance with the terms of the Scheme Implementation Deed, the holders of the TSN Employee Performance Rights have each entered into a Performance Rights Agreement under which it is proposed that the TSN Employee Performance Rights will be cancelled within 2 Business Days of the Effective Date, and in any case no later than the Scheme Record Date.

Whilst it is proposed that the TSN Employee Performance Rights are to be cancelled before the Implementation Date, TSN intends to issue 140,000 TSN Shares before the Scheme Record Date in lieu of one third of the TSN Employee Performance Rights (which had vested) and those Target Shares will form part of the Scheme.

(e) **TSN Options**

As at the Last Practicable Date, TSN has on issue a total of 15,480,438 unlisted options in the following tranches (**TSN Options**):

	Number of options	Exercise Price (\$)	Expiry Date
TSN Options (excluding the Cancellation Options and Excluded Options)	11,750,008*	\$0.26	31 July 2023
Excluded Options (which are not subject to the Scheme - but are to be cancelled in consideration for the issue of Elixinol Options conferring the same benefits as reasonably practical as the Excluded Options)	334,000**	\$0.26	22 October 2023
Cancellation Options	3,396,430***	Various exercise prices ranging from \$0.26 to \$0.65	Various expiry dates

*The actual number of TSN Options on issue as at the Scheme Record Date may vary to the extent that TSN Optionholders exercise their options before the Scheme Record Date.

** The 334,000 TSN Options are the Excluded Options.

*** The 3,396,430 Cancellation Options are to be cancelled within 7 Business Days of the Effective Date and in any case no later than the Implementation Date.

In accordance with the Scheme Implementation Deed, TSN and EXL entered into an agreement with an Excluded Option Holder to cancel their respective TSN Options in consideration for the issue of Elixinol Options at the offer ratio of receiving 1.1225 new EXL Options (with an exercise price of \$0.232) for each TSN Option held and otherwise on comparable terms to the existing TSN Options (**Option Swap Agreement**). The Option Swap Agreement will be conditional on implementation of the Scheme. In total, 374,915 Elixinol Options will be issued to the Excluded Optionholder under the Option Swap Agreement on implementation of the Scheme.

5.8 Intentions regarding the continuation of TSN's business

The Corporations Act requires a statement by the TSN Directors of their intentions regarding TSN's business. If the Scheme is implemented, the existing TSN Directors will resign and the Elixinol Board will be reconstituted in accordance with the instructions of EXL after the Implementation Date.

Accordingly, it is not possible for the TSN Directors to provide a statement of their intentions after the Scheme is implemented regarding:

- (a) the continuation of the business of TSN;
- (b) any major changes, if any, to be made to the business of TSN; and

(c) the future employment of the present management of TSN.

The current intentions of EXL with respect to these matters are set out in Section 6.10 of this Scheme Booklet.

If the Scheme is not implemented, the TSN Directors intend to continue to operate the business of TSN as it is now conducted.

5.9 TSN dividend policy

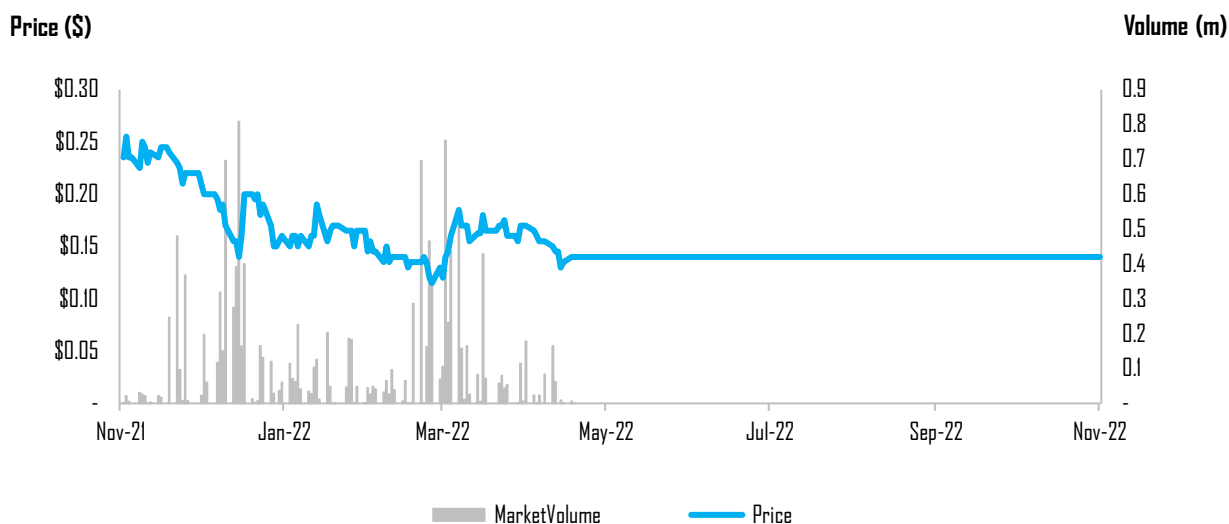
The Corporations Act requires that dividends may be paid to shareholders from profits or other distributable amounts generated as well as compliance with surplus net assets and solvency conditions. Given its financial results, TSN has not paid dividends to TSN Shareholders in recent years, nor are such dividends proposed in the immediate future.

5.10 Recent share performance

Set out below is a summary of the trading performance of TSN Shares. As at the Last Practicable Date:

TSN Share price information	Price (in cents)
Last recorded price on ASX on 26 June 2023, being the Last Practicable Date	\$0.007
Last recorded price on ASX on 17 May 2022, being the last trading day before the Announcement Date (29 November 2022) ¹⁰	\$0.14
Highest closing price during the previous 3 months ended on the Last Practicable Date	\$0.020
Lowest closing price during the previous 3 months ended on the Last Practicable Date	\$0.007

TSN Share price and trading volume over the 12 months before the Announcement Date:



From the Announcement Date to 26 June 2023 (being the Last Practicable Date), the closing TSN Share price on the ASX has ranged from \$0.007 to \$0.14.

¹⁰ As TSN was in voluntary suspension from 18 May 2022 to 5 January 2023

5.11 Continuously disclosing entity

TSN is a disclosing entity as defined in the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. Broadly, these require TSN to announce price sensitive information as soon as it becomes aware of the information, subject to exceptions for certain confidential information. TSN is also required to prepare and lodge with ASIC and ASX annual, half-year and quarterly financial statements.

TSN's Half Year Report for the 6 months ended 31 December 2022 was released on ASX on 28 February 2023. Additionally, TSN's Annual Report for the year ended 30 June 2022 was released to ASX on 5 January 2023.

A list of announcements made by TSN from the Announcement Date to the Last Practicable Date is set out below:

Date	ASX Announcement
20 Jun 2023	Update on Scheme of Arrangement with EXL
20 Jun 2023	Update on Proposed Scheme of Arrangement
16 Jun 2023	Ceasing to be a substantial holder
17 May 2023	Update on Scheme of Arrangement with EXL
17 May 2023	EXL: Update on Proposed Schemes of Arrangement
28 Apr 2023	Quarterly Activities/ Appendix 4C Cashflow Report
21 Apr 2023	Update on Schemes of Arrangement with EXL
5 Apr 2023	Schemes of Arrangement Timetable Update
23 Mar 2023	Change in substantial holding - Tiga Trading Pty Ltd
23 Mar 2023	Ceasing to be a substantial holder
20 Mar 2023	Change of Director's Interest Notice - Thomas Siebel
20 Mar 2023	Change of Director's Interest Notice - Shane Gild
20 Mar 2023	Change of Director's Interest Notice - James Hood
20 Mar 2023	Change of Director's Interest Notice - Pauline Gately
20 Mar 2023	Section 708A Cleansing Statement
20 Mar 2023	Application for quotation of securities
15 Mar 2023	Results of General Meeting
28 Feb 2023	1H FY23 Financial Results
28 Feb 2023	Appendix 4D and Half Year Report

14 Feb 2023	Notice of Annual General Meeting/Proxy Form
8 Feb 2023	AGM Date and Director Nomination Closing Date
31 Jan 2023	Quarterly Activities / Appendix 4C Cash Flow Report
13 Jan 2023	Notification of cessation of securities - TSN
5 Jan 2023	Reinstatement to Official Quotation
5 Jan 2023	Corporate Governance Statement
5 Jan 2023	Appendix 4G
5 Jan 2023	2022 Annual Report
23 Dec 2022	Notification regarding unquoted securities
22 Dec 2022	Notification of cessation of securities

Copies of announcements made by TSN to ASX in the 12 months prior to the date of this Scheme Booklet are available at <https://www.asx.com.au/> under ASX Code 'TSN' and on TSN's website at www.sustainablenutrition.com.au.

Copies of the documents lodged with ASIC in relation to TSN may be obtained from, or inspected via, ASIC's online registry portal ASIC Connect at www.asicconnect.gov.au including at Services Australia service centres.

5.12 Right to inspect and obtain copies of the TSN Register

TSN Shareholders and TSN Optionholders have the right to inspect the TSN Register, which contains the name and address of each TSN Shareholder and TSN Optionholder and certain other prescribed details relating to the TSN Shares and TSN Options, without charge. TSN Shareholders and TSN Optionholders also have the right to request a copy of the relevant register, upon payment of a fee (if any).

For more information about your rights to inspect the TSN Register, please contact TSN Share Registry on 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia) between 9:00am and 5:00pm (AEST), Monday to Friday.

5.13 Loan with Elixinol

As announced on the ASX on 29 November 2022, EXL has agreed to extend a 12-month secured loan of up to \$2,000,000 to TSN's operating subsidiary, The Sustainable Nutrition Group (Australia) Pty Ltd ACN 614 061 794 to enable the TSN Group to refinance existing debt, to cover the costs, fees and expenses to undertake the Scheme as well as working capital requirements in the period prior to the Scheme becoming Effective (**Initial Loan**). On 20 June 2023, pursuant to an Amendment and Restatement Deed, the initial maximum aggregate facility amount was increased from \$2.0m to \$2.4m to cover the additional working capital requirements of the TSN Group resulting from the effluxion of time since entering into the Scheme Implementation Deed and the consequent delay to the expected timetable for implementation of the Scheme (**Further Advance**).

The Initial Loan and Further Advance (collectively the **Loan**) are on arm's length commercial terms, with an interest rate of 11.51% per annum.

At the date of the Scheme Booklet, \$2,000,000 has been advanced to TSN. The proceeds of the Loan must be used for refinancing existing debt, to cover the costs, fees and expenses to undertake the Scheme as well as working capital requirements in the period prior to the Scheme becoming Effective. Upon the Scheme becoming effective, the Loan will be refinanced to an unsecured intercompany loan governed by Elixinol's Umbrella Intercompany Loan Agreement. If the Scheme does not complete, the Loan is repayable in full by 28 November 2023.

If the Scheme does not become Effective, **there is no guarantee** that TSN will be able to secure adequate funding to repay the Loan. As at 31 December 2022, TSN has grain stock and other inventories on hand to the value of \$3,278,651. To this end, the Company may be able to utilise revenue from product sales and the sale of grain stock to repay the Loan, or alternatively, the Company may be able to refinance the Loan or raise new equity to repay the Loan.

6. OVERVIEW OF EXL

6.1 Introduction

The following information should be read in conjunction with the full text of this Scheme Booklet. The information contained in this Section 6 has been prepared by Elixinol Wellness Limited (ASX: EXL) (**EXL** or **Elixinol**). The information concerning EXL and the intentions, views and opinions contained in this Section are, to the extent permitted by law, the responsibility of EXL. TSN and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

6.2 Overview of EXL

Elixinol Wellness Limited (ASX: EXL) is a participant in the hemp industry with global operations, innovating, marketing and selling hemp and other plant derived nutraceutical, food and topical products.

6.3 EXL's business

EXL's simplified business model is as follows:

- In the Americas, EXL is focusing on innovating, marketing and selling high quality Elixinol-branded nutraceutical and skincare products derived from hemp and other plants, based in Colorado, USA.
- In Australia, EXL's subsidiary, Hemp Foods Australia is a hemp food wholesaler, retailer, manufacturer and exporter of bulk and branded raw materials and finished products.
- In the United Kingdom, South Africa, Japan, Brazil and Mexico, EXL provides branded products derived from hemp and other plants to consumers via exclusive distribution and/or trademark and know-how licensing agreements.
- Across a number of other countries, EXL distributes branded products derived from hemp and other plants through distributors.

6.4 EXL's group structure

EXL is a company limited by shares, incorporated in New South Wales, Australia and listed on the ASX (ASX:EXL).

EXL's registered office and principal place of business is located at C/- Company Matters Pty Ltd, Level 12, 680 George Street, Sydney, New South Wales 2000, Australia.

The companies comprising the corporate group of EXL are set out in the following table:

	Company Name	Short Name	Place of Incorporation	Registration Number
1.	Elixinol Wellness Limited	EXL	NSW, Australia	621 479 794
2.	Elixinol LLC	EXU	Colorado, USA	20141739782
3.	EXL International Holdings LLC	EIH	Colorado, USA	2018160816
4.	Elixinol BV	EXN	Netherlands	857 687 268
5.	Elixinol Limited	EUK	United Kingdom	10701353
6.	Elixinol Wellness (Byron Bay) Pty Ltd	HFA	NSW, Australia	090 668 367

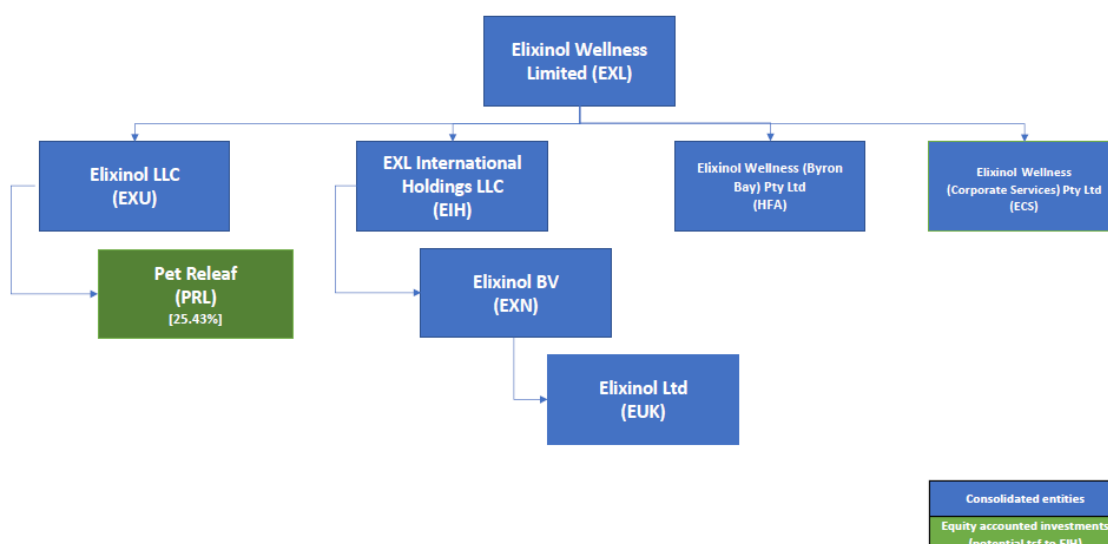
7.	Elixinol Wellness (Corporate Services) Pty Ltd	ECS	NSW, Australia	602 495 394
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Companies the group has an interest in:

8.	Altmed Pets LLC [Pet Releaf]	PRL (25.43% interest in by EXU)	Florida, USA	L14000192560
9.	H&W Holdings LLC	H&W Holdings (19.88% interest in by EXU)	Colorado, USA	20161703557

The ownership structure relating to the companies within the EXL Group is illustrated in the corporate structure diagram set out below. H&W Holdings LLC is excluded from that diagram as it is a non-trading entity with no material assets or liabilities.

EXL Group Structure:



6.5 EXL's Board and key management

(a) Directors

As at the date of this Scheme Booklet, the Elixinol Board is comprised of the following directors:

Name	Current position
Helen Wiseman	Independent Chair and Non-Executive Director
David Fenlon	Independent Non-Executive Director
Ronald Dufficy	Managing Director

Biographies of the Elixinol Board are available on EXL's website at: <https://www.elixinolwellness.com/site/About-Us/board-of-directors>.

(b) Senior management

As at the date of this Scheme Booklet, EXL's executive team is comprised of the following members:

Name	Current position
Ronald Dufficy	Group Chief Executive Officer
Josephine Lorenz	Group Chief Financial Officer & Company Secretary
Robert Hasselman	President Americas

Biographies of the senior management of EXL are available on EXL's website at: <https://www.elixinolwellness.com/site/About-Us/our-team>.

6.6 EXL historical financial information**(a) Introduction**

This Section 6.6 contains the historical financial information for EXL (**Elixinol Historical Financial Information**) comprising:

- the historical consolidated income statement for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022;
- the historical consolidated balance sheet as at 31 December 2020, 31 December 2021 and 31 December 2022;
- the historical consolidated statements of cash flows for the years ended 31 December 2020, 31 December 2021 and 31 December 2022.

(b) Basis of Preparation

The financial information in this Scheme Booklet is in an abbreviated form and does not contain all of the presentations and disclosures that are usually provided in an annual report or half year report and should therefore be read in conjunction with the financial statements of EXL for the respective periods, including the description of the significant accounting policies contained in those financial statements and the notes to those financial statements.

Further detail on EXL's financial performance and financial statements for the year ended 31 December 2022 as announced to ASX on 28 February 2023 can be found in the annual report for the financial year ended 31 December 2022 that is available on the EXL website at <http://www.elixinolwellness.com> and in Section 1.1(f).

The historical financial information of EXL has been prepared in accordance with the AAS. The historical audited consolidated financial information in this Scheme Booklet is presented on a standalone basis and accordingly does not reflect any impact of the Scheme.

(c) **EXL historical consolidated income statement**

Consolidated statement of profit or loss and other comprehensive income			
	\$'000	\$'000	\$'000
	31-Dec-22	31-Dec-21	31-Dec-20
Revenue	7,055	9,338	15,010
Share of losses of associates and joint ventures accounted for using the equity method	-	-	(1,076)
Other income	502	2,429	260
Interest income calculated using the effective interest method	22	47	100
Expenses			
Raw materials and consumables used and processing expenses	(3,817)	(4,442)	(8,344)
Employee benefits expenses and Directors' fees	(5,542)	(9,661)	(13,329)
Share-based payments	(241)	(194)	293
Depreciation and amortisation expense	(721)	(1,490)	(3,213)
Impairment of intangibles	(234)	(186)	(39,178)
Impairment of other assets	(786)	(3,679)	(35,008)
Professional services expenses	(2,150)	(2,379)	(4,068)
Sales and marketing expenses	(1,478)	(3,062)	(6,602)
Administrative expenses	(2,294)	(3,099)	(4,504)
Distribution costs	(814)	(620)	(570)
Finance costs	(71)	(92)	(49)
Loss before income tax (expense)/benefit	(10,569)	(17,090)	(100,278)
Income tax (expense)/benefit	(2)	65	(4,200)
Loss after income tax (expense)/benefit attributed to the owners of Elixinol Wellness Limited	(10,571)	(17,025)	(104,478)
Other comprehensive income			
Foreign currency translation	411	367	80
Other comprehensive income for the period, net of tax	411	367	80
Employee benefits			
Total comprehensive loss for the period	(10,160)	(16,658)	(104,398)
Basic loss per share	(3.34)	(5.41)	(58.25)
Diluted loss per share	(3.34)	(5.41)	(58.25)

(d) **EXL consolidated historical balance sheet****Consolidated statement of financial position**

	\$'000	\$'000	\$'000
	31-Dec-22	31-Dec-21	31-Dec-20
Assets			
Current Assets			
Cash and cash equivalents	2,864	12,649	27,743
Trade and other receivables	3,974	2,970	1,191
Inventories	1,740	2,201	4,735
Income tax refund due	59	541	509
Prepayments, deposits and other	675	1,227	1,176
Total current assets	9,312	19,588	35,354
Non-current assets			
Trade and other receivables	83	183	-
Investments accounted for using equity method	2,826	2,617	2,316
Property, plant and equipment	375	1,308	2,471
Right-of-use assets	737	1,173	1,412
Intangibles	152	463	917
Total non-current assets	4,173	5,744	7,116
Total Assets	13,485	25,332	42,470
Liabilities			
Current liabilities			
Trade and other payables	2,185	3,217	3,613
Contract liabilities	22	94	89
Borrowings	320	428	-
Lease liabilities	697	747	920
Income tax	-	-	29
Employee benefits	216	229	334
Total current liabilities	3,440	4,715	4,985
Non-current liabilities			
Borrowings	250	250	250
Lease liabilities	637	1,290	1,574
Total non-current liabilities	887	1,540	1,824
Total liabilities	4,327	6,255	6,809
Net assets	9,158	19,077	35,661
Equity			
Issued capital	218,122	218,058	217,730
Reserves	9,682	9,094	8,971
Accumulated losses	(218,646)	(208,075)	(191,050)
Total equity	9,158	19,077	35,651

(e) EXL consolidated historical statement of cash flows

Consolidated statement of Cash Flows			
	\$'000	\$'000	\$'000
	31-Dec-22	31-Dec-21	31-Dec-20
Cash flows from operating activities			
Receipts from customers (inclusive of GST)	6,999	9,650	14,095
Payments to suppliers and employees (inclusive of GST)	(15,989)	(24,070)	(37,120)
Government grants	364	354	365
Interest received	22	51	100
Interest and other finance costs paid	(71)	(92)	(15)
Income taxes refunded	523	36	-
Income taxes paid	-	-	(46)
Net cash used in operating activities	(8,152)	(14,071)	(22,621)
Cash flows from investing activities			
Payments for property, plant and equipment	(5)	(160)	(295)
Payments for intangibles	(7)	(132)	(33)
Loan to other entities	(1,148)		
Proceeds from disposal of business	-	-	230
Proceeds from disposal of property, plant and equipment	291	464	2,652
Net cash from investing activities	(869)	172	2,554
Cash flows from financing activities			
Proceeds from issue of shares	-	-	31,478
Share issue transaction costs	-	(110)	(2,519)
Repayment of lease liabilities	(757)	(1,047)	(1,414)
Net cash (used in)/from financing activities	(757)	(1,157)	27,545
Net (decrease)/increase in cash and cash equivalents	(9,778)	(15,056)	7,478
Cash and cash equivalents at the beginning of the financial year	12,649	27,743	20,373
Effect of exchange rate changes on cash and cash equivalents	(7)	(38)	(108)
Cash and cash equivalents at the end of the financial year	2,864	12,649	27,743

(f) EXL financial statements for the year ended 31 December 2022 and going concern risk

The EXL financial statements for the year ended 31 December 2022 were prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business.

During the year ended 31 December 2022, EXL incurred a net loss before tax of \$10,571,000 (31 December 2021: \$17,025,000). During the year, net cash outflows from operating activities were \$8,152,000 (31 December 2021: \$14,071,000).

The 2022 year was a challenging period for EXL. The CBD industry experienced far lower growth levels in 2022 than was generally expected. This was due in part to the slow opening

of the retail sector from the COVID-19 pandemic, but also a lack of regulatory clarity in many of the major CBD markets, and a saturated industry which resulted in an over-supply of product and reduced pricing.

As at 31 December 2022, EXL had net assets of \$9,158,000 including cash of \$2,864,000. EXL lodged an application for refundable tax credits in 2021 which were made available under the CARES Act in respect of the EXL Americas operation. The value of the available credits calculated through to 31 December 2022, yet to be received, totals approximately \$1.5m (US\$1.0m). Subsequent to year end, \$1.5m was received from the IRS in the first half of 2023, further boosting EXL's cash reserves.

EXL's net loss before tax has been significantly reduced in 2022 from that recorded in 2021 and the net cash outflow from operating activities reduced to \$1,527,000 (excluding non-recurring transaction and severance costs) in Q4 FY2022 as expenditure was reduced and the scale of EXL operations was reduced.

The directors of EXL regularly monitor the EXL Group's cash position on an ongoing basis and continue to explore debt and capital markets funding to support the going concern and working capital requirements associated with EXL's revenue base.

EXL's current cash flow forecasts support the classification of EXL as a going concern and EXL can implement plans to defer discretionary expenditure including reducing headcount if necessary and corporate costs in the current cash flow forecast period to take steps to moderate the cash outflows of the business as needed. In addition, subsequent to the EXL financial statements for the year ended 31 December 2022, the EXL Capital Raise detailed in Section 6.7, further boosted EXL's cash reserves.

However, there remains material uncertainty that may cast significant doubt about EXL's ability to continue as a going concern and therefore in future EXL may be unable to realise its assets and discharge its liabilities in the normal course of business.

6.7 Material changes to EXL's financial position since 31 December 2022

(a) Placement and SPP

Post 31 December 2022, on 5 April 2023, EXL announced that it had secured firm commitments for a \$1.25 million placement (**Placement**) from new and existing institutional and sophisticated investors and that it would undertake the Share Purchase Plan to make the offer available on the same terms to eligible existing shareholders.

Elixinol Shares were offered as part of the Placement to sophisticated and institutional investors at the offer price of \$0.018 per Elixinol Share, representing a 25.0% discount to the last price close on 31 March 2023 (\$0.024 per Elixinol Share) and a 19.2% discount to the volume weighted average price of Elixinol Shares over the five day and fifteen day periods up to the last close on 31 March 2023 (\$0.022 per Elixinol Share). A total of 69,444,445 Elixinol Shares were issued on 14 April 2023 within Elixinol's available placement capacity under ASX Listing Rules 7.1 and 7.1A.

The SPP for eligible existing holders of Elixinol Shares was launched on the same terms as the Placement. It was open to eligible holders of Elixinol Shares that were holders of Elixinol Shares on Elixinol's share register as at 7.00pm (AEST) on 4 April 2023, with a registered address in Australia or New Zealand (**Eligible Shareholders**).

Under the SPP, Eligible Shareholders were invited to subscribe for up to \$30,000 of new, fully paid ordinary Elixinol Shares without the cost of brokerage fees or commissions. Elixinol had raised \$1.0 million via the SPP and the SPP underwriting arrangements with Canaccord (**SPP Shortfall Offer**) when the SPP closed on 19 May 2023.

EXL received valid applications for a total of A\$685,000 Elixinol Shares in the SPP, which resulted in the issue on 26 May 2023 of a total of 38,055,603 Elixinol Shares at the offer price of \$0.018 per Elixinol Share. Through the SPP underwriting arrangements, EXL raised an additional A\$315,000 via the issue on 7 June 2023 of an additional 17,499,953 Elixinol Shares to Canaccord (and any nominated sub-underwriters) at the price of \$0.018 per Elixinol Share.

The SPP Shortfall Offer was subject to Elixinol shareholder approval, which was obtained at its AGM held on 31 May 2023.

As approved at EXL's AGM held on 31 May 2023, on 7 June 2023 EXL issued 3,000,000 Elixinol Shares to Canaccord in consideration for underwriting for SPP pursuant to the terms of the SPP.

Participants in the Placement and SPP were entitled to subscribe for one free attaching Elixinol Option (**Attaching Option**), which were offered on the basis of one Attaching Option for every new Elixinol Share issued. Each Attaching Option will be exercisable for one Elixinol Share at an exercise price of \$0.02 and will expire two years after the date of issue. As approved at EXL's AGM held on 31 May 2023, a total of 130,000,001 Attaching Options were issued on 7 June 2023, including 6,000,000 Options issued as an underwriting fee to Canaccord.

(b) **Other matters**

- As announced on the ASX platform on 14 February 2023, EXL's wholly owned subsidiary, Elixinol BV, was successful in its arbitration proceedings against the shareholders of German company CannaCare Health GmbH, resulting in a final arbitration award of approximately EUR 543,000 (AU\$835,000). Those funds have been received.
- As approved at EXL's AGM held on 31 May 2023, the following securities were issued on 31 May 2023 to EXL directors in lieu of up to 50% of cash remuneration for the period 1 July 2023 to 30 June 2024:
 - Ms Helen Wiseman – 3,055,556 Performance Share Rights; and
 - Mr David Fenlon – 2,500,000 Performance Share Rights.
- As approved at EXL's AGM held on 31 May 2023, on 31 May 2023 EXL issued 3,611,112 Salary Sacrifice Performance Share Rights to Mr Ronald Dufficy in lieu of 20% of his remuneration as Group Chief Executive Officer and Managing Director for the period 1 July 2023 to 30 June 2024.
- As approved at EXL's 2022 AGM held on 31 May 2023, on 31 May 2023 EXL issued 3,478,785 Short-Term Incentive Performance Shares in respect of FY2022 to Mr Ronald Dufficy under the EXL Equity Plan.
- As approved at EXL's 2022 AGM held on 31 May 2023, on 31 May 2023 EXL issued 1,300,000 Retention Performance Share Rights to Mr Ronald Dufficy under the EXL Equity Plan.
- As announced on the ASX platform on 20 June 2023, EXL has agreed to advance a further \$400,000 to TSN.

Other than the items discussed above and disclosed in this Scheme Booklet, to the knowledge of the Elixinol Board at the date of this Scheme Booklet, the financial position of EXL has not materially changed since 31 December 2022, being the date of EXL's financial

report for the financial year ended 31 December 2022 (released to the ASX on 27 February 2023).

6.8 Full-year results

On request, a copy of EXL's annual report for 31 December 2022 will be provided to TSN Shareholders. Alternatively, a copy of EXL's annual report for the 31 December 2022 financial year can be found on the ASX announcements platform under the ASX ticker code EXL or on the EXL website www.elixinolwellness.com.

6.9 EXL's rationale for the Proposed Transaction

The proposed acquisition of TSN aligns with EXL's strategic objectives of being a premium hemp and plant-based health and wellness company. The acquisition is expected to provide the following benefits to the Merged Group:

- **Continuing the growth of a global plant-based food, health and wellness company:** Optimising the supply chain in Australia by enabling the Merged Group to leverage access to one of the largest contract grower networks in Australia and negotiate larger purchase contracts, and the reduced transport and logistics costs and better utilisation of production assets resulting from consolidation of operations in Geelong, nearer to growers than EXL's current production facility.
- **Highly complementary product set with improved product innovation:** The number of brands will increase from four to eight, and the number of unique products supplied by the Merged Group will increase from 67 to 143 across the human nutrition, food, CBD, pet and wellness verticals. Additionally, the Merged Group's anticipated new product development, by continuing to pursue its investment in producing hemp protein isolate products for the plant-based food industry, currently undergoing phase 2 development activities with the aim to move to commercialisation during the second half of 2023 and into 2024. Further the Merged Group expects intellectual property sharing will assist in driving cost effective growth, whilst also potentially accelerating e-commerce growth with the increased product range aimed to increase growth in website traffic and online sales through seven e-commerce sites, including in the US.
- **Expanded distribution network:** Broadened distribution capabilities across Australia from 2,300 locations to 4,100 locations, providing cross-sell opportunities for EXL and TSN brands, and the opportunity for EXL and TSN to expand existing relationships with partners and distributors.
- **Increased size and scale:** Leveraging the outcomes of the strategic reviews conducted by both TSN and EXL, the Merged Group will aim to realise economies of scale through the rationalisation of operations and distribution channels. It is proposed that the Merged Group will target cost and revenue synergies to be realised over time, as well as increased margins through the consolidation of operations.
- **Leveraged to strong sector tailwinds:** The Merged Group is expected to be positioned to leverage the mainstream shift towards plant-based, sustainable

nutrition products. The global plant-based protein market is expected to significantly grow from US\$10.3bn in 2020 to US\$17.5bn in 2027¹¹.

6.10 EXL's intentions if the Scheme is implemented

EXL's intentions have been formed on the basis of facts and information concerning TSN which are known to EXL as at the date of this Scheme Booklet. Final decisions on these matters will be made by EXL in light of all material facts and circumstances at the relevant time. Accordingly, the statements set out in this Section are statements of current intention only, which may change as new information becomes available or as circumstances change, and the statements in this Section should be read in that context.

(a) Business continuity and general operations

If the Scheme becomes effective and is implemented, it is the current intention of EXL to continue to operate the TSN business in the same manner as at the date of this Scheme Booklet and operations will be substantially unchanged. However, it is anticipated that the Merged Group will be able to leverage a diversified distribution network across retail, e-commerce and wholesale. It is anticipated that the increase in size and scale of the Merged Group as compared with the current EXL Group will enable the Merged Group to realise economies of scale and provide scope to consolidate hemp operations into a single manufacturing facility. The facility in Newtown, Geelong currently operated by TSN, is expected to be able to satisfy dehulling and packing requirements for the Merged Group. It is proposed that capacity for warehousing, packaging and dispatch will be managed from a central hub. There is also potential to consolidate the growers network, particularly in the Tasmanian growers region.

EXL considers TSN's employees to be very important to the future success of the Merged Group. Immediately following implementation of the Scheme, EXL intends to continue the employment of current TSN employees and will review TSN's business operations in consultation with TSN's current leadership team to ensure the Merged Group has the appropriate mix of employees and skills to enhance the business going forward.

(b) Major changes to the business and fixed assets of TSN

Other than noted in this Section 6.10 and subject to an operational review after Implementation, it is the current intention of EXL that no major changes are proposed to the business and fixed assets of TSN.

(c) TSN to be delisted/removal from the ASX

If the Scheme becomes effective and is implemented so that it becomes a wholly-owned subsidiary of EXL, EXL will cause TSN to apply to the ASX for removal of TSN from the official list of ASX with effect from or shortly after the Implementation Date.

¹¹ UnivDatos Market Insights: Plant Based Protein Market. Current Analysis and Forecast 2021-2027, July 2021. ASX Announcement 16 November 2021: Agreement with APP- Additional Information

6.11 EXL's capital structure

- (a) The capital structure of EXL at the date of this Scheme Booklet comprises the following securities¹:

Type of Security	Number
Elixinol Shares on issue (including ordinary shares issued under Placement and SPP)	456,991,368
Elixinol Performance Rights ²	26,066,930
Unlisted Options ³	131,000,001

No other securities in EXL were on issue as at the date of this Scheme Booklet.

Notes:

- ¹ Excluding 374,915 Elixinol Options to be issued to the Excluded Optionholder under the Option Swap Agreement on implementation of the Scheme
- ² For the avoidance of doubt, this excludes Canaccord advisor fee of 9,036,068 Elixinol Performance Rights, to be converted to 9,036,068 Elixinol Shares on the Implementation Date.
- ³ For the avoidance of doubt, this excludes Elixinol Director Performance Share Rights with attaching options to be issued to directors of Elixinol in relation to the period between 1 July 2023 to 30 June 2024 (13,945,452 attaching options) subject to vesting conditions.

6.12 EXL employee share plans and incentive plans

EXL has an employee short-term incentive plan (**STIP**) and a long-term incentive plan (**LTIP**) in which some EXL directors and employees are eligible to participate.

Further details regarding the EXL STIP and LTIP are contained in EXL's 2021 Annual Report available on EXL's website at: (<https://www.elixinolwellness.com>).

EXL's Equity Plan Rules dated 17 May 2021 are available on EXL's website at: (<https://www.elixinolwellness.com>).

6.13 EXL's Recent share price history

EXL's share price information	Price (in cents)
Last recorded price on ASX on 26 June 2023, being the Last Practicable Date	\$0.014
Last recorded price on ASX on 28 November 2022, being the last trading day before the public announcement of the Scheme (29 November 2022)	\$0.028
Highest closing price during the 3 months ended on the Last Practicable Date	\$0.024
Lowest closing price, during the 3 months ended on the Last Practicable Date	\$0.013

6.14 Substantial shareholders

The list of substantial shareholders below reflects the latest substantial holders notices as at the Last Practicable Date:

Shareholder	Ordinary shares	
	Number held	% of issued shares
RAW WITH LIFE PTY LTD	29,209,217	6.39%

6.15 EXL dividend policy

EXL does not currently have a formal dividend policy, but may pay dividends in accordance with the requirements of the Corporation Act.

There were no dividends paid, recommended or declared by EXL during the current or previous financial year, and it is not expected that dividends will be paid by EXL in the immediate future.

6.16 Publicly available information

EXL is a disclosing entity for the purposes of the Corporations Act and as such it is subject to regular reporting and disclosure obligations. As a company listed on ASX, EXL is also subject to the Listing Rules which require continuous disclosure (with some exceptions) of any information which a reasonable person would expect to have a material effect on the price or value of Elixinol Shares. In addition, EXL is required to maintain periodic disclosure (including yearly and half-yearly financial statements and quarterly cash flow reports), with ASIC in accordance with the Corporations Act and the ASX in accordance with the Listing Rules.

The information disclosed to the ASX is available from the ASX's website (www.asx.com.au) as well as EXL's website (<https://www.elixinolwellness.com>). Copies of the documents lodged with ASIC by EXL may be obtained from, or inspected via, ASIC's online registry portal ASIC Connect at www.asicconnect.gov.au including at Services Australia service centres.

6.17 Interests of EXL's Directors

(a) Interests in Elixinol Shares

Director	Description	Number of Shares
Helen Wiseman	Elixinol Shares	835,688
	Elixinol Performance Rights	1,043,424
	Elixinol Director Fee Rights	3,055,556
	Unlisted Options	555,556
David Fenlon	Elixinol Performance Rights	465,753
	Elixinol Director Fee Rights	2,500,000
Ronald Dufficy	Elixinol Shares	4,814,835
	Elixinol Performance Rights	3,214,515
	Elixinol Salary Sacrifice Rights	3,611,112
	Unlisted Options	555,556

(b) Interests in TSN Shares

As at the date of this Scheme Booklet, none of EXL's directors have interests in TSN Shares.

6.18 EXL interests and dealings in TSN Shares

As at the date of this Scheme Booklet, EXL has no voting power or relevant interest in any TSN Shares.

Except for:

- the Scheme Consideration to be provided under the Scheme; and

- the new Elixinol Options to be issued to the Excluded Optionholder as consideration for the cancellation of TSN Options,

during the period of four months before the date of this Scheme Booklet, neither EXL nor any Associate of EXL:

- has provided, or agreed to provide, consideration for any TSN Shares under a purchase or an agreement; or
- has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an Associate, to:
 - vote in favour of the Scheme; or
 - dispose of TSN Shares.

EXL has not acquired or disposed of a relevant interest in any TSN Shares in the four month period ending on the date immediately before the date of this Scheme Booklet.

6.19 Rights and Liabilities attaching to New Elixinol Shares

The rights and liabilities attaching to Elixinol Shares that will be issued to participants in the Scheme as Scheme Consideration will be the same as those attaching to existing Elixinol Shares and will rank equally in all respects with all issued fully paid ordinary shares of EXL from the date of their issue. These rights and liabilities are detailed in the Elixinol Constitution, and are subject to the Corporations Act and the Listing Rules.

The table below summarises some of the key rules in the Elixinol Constitution in relation to the rights and liabilities currently attaching to Elixinol Shares. This summary does not purport to be exhaustive and must be read subject to the full text of the Elixinol Constitution. A copy of the Elixinol Constitution is available on EXL's website:

<https://www.elixinolwellness.com>

TSN Shareholders should obtain their own independent advice in relation to their rights and liabilities as potential holders of Elixinol Shares in specific circumstances.

Item	Description
Issue of further Elixinol Shares	Subject to the Corporations Act and the ASX Listing Rules, the Elixinol Board has full discretion to issue new Elixinol Shares and grant options over unissued Elixinol Shares.
Variation of class rights	At present, Elixinol's only class of shares on issue is Elixinol Shares. The rights attached to any class of shares may be varied in accordance with the Elixinol Constitution and the Corporations Act.
Elixinol Share transfers	Subject to the ASX Listing Rules, the Corporations Act and any escrow restrictions, the Elixinol Shares are freely transferable. The Elixinol Board may decline to register, or prevent registration of, that transfer of shares or apply a holding lock to prevent a transfer in accordance with the Elixinol Constitution, the Corporations Act or the ASX Listing Rules.
Meetings of members	Each holder of Elixinol Shares is entitled to receive notice of, attend and vote at general meetings of Elixinol and receive all notices, accounts and other documents required to be sent to shareholders of Elixinol under the Elixinol Constitution, the Corporations Act and the ASX Listing Rules. Elixinol must give holders of Elixinol Shares at least 28 days written notice of a general meeting.
Voting	At a general meeting of Elixinol, every holder of Elixinol Shares present in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each Elixinol Share held. If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote, except where the chairperson is also a member of Elixinol, in which case they do not have a casting vote in addition to their deliberative vote.
Dividends	The Elixinol Board may pay interim and final dividends that, in its judgement, the financial position of Elixinol justifies. The Elixinol Board may also pay any dividend

Item	Description
<p>Rights on winding up</p>	<p>required to be paid under the terms of issue of an Elixinol Share, and fix a record date for a dividend and the timing and method of payment.</p> <p>If Elixinol is wound up, then subject to the Elixinol Constitution, the Corporations Act and the rights or restrictions attached to any shares or classes of shares, holders of Elixinol Shares will be entitled to any surplus property of Elixinol in proportions of the number of Elixinol Shares held by them.</p> <p>If Elixinol is wound up, the liquidator may, with the sanction of a special resolution of holders of Elixinol Shares, divide the property of Elixinol amongst the holders of Elixinol Shares and decide how the property will be divided between the holders of Elixinol Shares.</p>
<p>Sale of non-marketable parcels</p>	<p>Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Elixinol Board may sell the Elixinol Shares of a holder of Elixinol Shares who holds less than a marketable parcel by following the procedures set out in the Elixinol Constitution.</p>

7. OVERVIEW OF MERGED GROUP

7.1 Introduction

The following information should be read in conjunction with the full text of this Scheme Booklet. The information contained in this Section 7 has been prepared by EXL and TSN. Both EXL and TSN are responsible for the information contained in this section.

This Section 7 also sets out financial information assuming that the Scheme is implemented.

7.2 Merged Group overview

The combination of both TSN and EXL will create a global plant-based food, health, and wellness company with a highly complementary product range. The increased distribution footprint and product offering will provide cross-selling opportunities to the Merged Group with both cost and revenue synergies to be realised over time. TSN and EXL plan to combine new product development initiatives to drive cost effective growth across the Merged Group, in addition to combining key operations and distribution points.

Please also refer to Section 4 of this Scheme Booklet which outlines the rationale for the Scheme.

7.3 Highly complementary product portfolio

TSN and EXL have a complementary product portfolio. The Merged Group's product portfolio will include (but will not be limited to) the following products:



7.4 Synergies

Over the course of the strategic review performed by TSN, discussions were conducted with a number of interested parties and EXL was identified as a synergistic partner due to its complementary product mix, cost and revenue synergy potential and ability to assist TSN with funding its working capital requirement.

An outline of the high-level synergistic benefits to the Merged Group is set out below:

(a) Revenue synergies

- » Cross selling opportunities through the increased product range;

- » Leveraging retail partnerships and distribution relationships to extend the product rollout; and
 - » Potential to leverage US e-commerce channels for TSN products.
- (b) **Cost synergies**
- » Consolidation of hemp operations from Byron Bay into TSN's Geelong-based facility;
 - » Reduction in freight charges anticipated to be realised through the consolidation of operations;
 - » Potential for improved negotiating power with customers and suppliers through increased scale; and
 - » Ability to consolidate corporate costs.
- (c) **Other synergies**
- » Ability to utilise TSN's relationship under a Research Services Agreement with Australian Plant Proteins Pty Ltd ACN 615 704 302 to implement the use of innovative hemp isolates and concentrates into EXL products.

7.5 Strategic reviews

Prior to the announcement of the Scheme, both TSN and EXL independently undertook comprehensive strategic reviews which focused on reducing the cost bases of their respective businesses.

An outline of the results of both the TSN and EXL strategic reviews is set out below:

(a) TSN strategic review:

TSN announced its strategic review on 18 May 2022. The review was undertaken to assess the Company's product ranging, customer acquisition pipeline, cost base and financial forecasts, following the loss of a strategic customer supply agreement for existing branded goods (announced on 18 May 2022), and the resignation of the CEO (announced on 26 May 2022).

As announced in the quarterly report dated 29 July 2022, TSN secured an initial finance facility of \$230,000 from a non-bank lender to meet its short-term capital obligations. TSN planned to continue pursuing a long-term solution to its working capital needs, while also conducting a strategic review and determining an appropriate strategy to execute its inventory monetisation plans. As a function of the review, TSN explored a number of plans to monetise excess grain inventory.

Discussions were held with strategic parties to consider offloading the grain in bulk, whilst plans to de-hull the grain to improve margins or process it into products were also considered. Throughout the review process, the potential sale or merger of all, or parts, of TSN was assessed, with engagement from a number of parties.

EXL was identified as a synergistic partner due to its complementary product mix, cost and revenue synergy potential, and ability to assist TSN with funding its working capital requirements. The Board has since implemented a number of cost reduction initiatives, for a total potential annualised net savings of \$1.1m (excluding potential transaction-related merger cost synergy of up to \$2.3m), with the objective to accelerate TSN's pathway to cashflow breakeven and to re-focus marketing and operational efforts on the most successful SKUs.

Throughout the strategic review, emphasis was placed on optimising the Company's balance sheet, reducing headcount and marketing expenses, in addition to prioritising the development of SKUs in its core markets.

(b) **EXL Strategic review:**

EXL announced the preliminary outcomes of its strategic review on 28 March 2022. The review was undertaken to address challenges resulting from the current status of the CBD sector and to position EXL to achieve maximum value for its shareholders from current and future opportunities. Following the comprehensive organisational review, EXL implemented a cost reduction program which reduced annualised operating costs by approximately \$3.2m, predominantly focused on reducing corporate costs and further right-sizing the EXL Americas operations.

These cost saving initiatives implemented in the US operations are expected to contribute approximately \$2.0m on an annualised basis in operating expenses reduction and are in addition to annualised savings of approximately \$1.0m following the transition to an outsourced third-party logistics model in the US which was completed in the first quarter of the 2022 financial year. Throughout the strategic review, emphasis was placed on optimising EXL's corporate cost structure. This led to the decision to reduce corporate costs by substantially reducing the size and cost of the group executive team and integrating the group's stand-alone corporate functions across the group's entities. These initiatives are expected to reduce corporate overheads by approximately \$1.2m on an annualised basis.

The new savings are also in addition to previously communicated annualised savings of approximately \$2.5m from the transition to a licensing model in the UK which was completed by 31 December 2021.

Importantly, these new cost efficiencies have been enabled by the work put in place over the previous 24 months, where the Elixinol Board focused on moving EXL to be an asset light, e-commerce led business.

7.6 Directors and senior management of the Merged Group

(a) **Directors**

Independent Chair and Non-Executive Director, Helen Wiseman

Helen Wiseman is a non-executive director and audit committee specialist with extensive international experience in food, pharmaceutical, natural healthcare, professional services, energy and natural resources and manufacturing industries. As a former partner at KPMG and previously named as one of the 2014 Australian Financial Review and Westpac 100 Women of Influence, she brings diversity and seasoned governance skills to the board.

Current Directorships of ASX listed companies other than EXL	None
Recent Former Directorships of ASX listed companies (last 3 years)	None
Special responsibilities	Chair of Audit and Risk Committee Member of Remuneration and Nomination Committee

Independent Non-Executive Director, David Fenlon

David Fenlon has over 30 years of world-wide experience in the FMCG and consumer sectors. He is currently CEO of the Platform Alliance Group, Non-Executive Chair for Nutritional Growth Solutions Ltd. (ASX: NGS) and Non-Executive Director for Quest for Life Foundation. He was previously Group CEO and Managing Director of BWX Limited (ASX: BWX), and prior to that, was Managing Director for Australia and New Zealand at Blackmores Limited (ASX: BKL). David has worked with leading retail brands both in Australia and offshore, with a strong focus on strategic planning and business transformation. David's experience also includes holding key positions in Tesco throughout Europe and Safeway in the UK and he was a member of the Board of Directors for the Special Olympics from May 2017 until June 2019.

Current Directorships of ASX listed companies other than EXL	Non-Executive Chair for Nutritional Growth Solutions Ltd. (ASX: NGS)
Recent Former Directorships of ASX listed companies (last 3 years)	Group CEO and Managing Director of BWX Limited (ASX: BWX)
Special responsibilities	Chair of Remuneration and Nomination Committee Member of Audit and Risk Committee

Non-Executive Director, Pauline Gately

Pauline Gately is a seasoned director with experience across a portfolio of Board positions underpinned by 20-years investment banking experience. A graduate and member of the Australian Institute of Company Directors (GAICD), Pauline is currently a non-executive director of Ardiden Limited (ASX: ADV) where she chairs the Audit and Risk and Remuneration and Nomination Committees, and non-executive Chair of Kalgoorlie Gold Mining Ltd. Prior to this, she served as a non-executive director, non-executive Chair and interim executive Chair of Alliance Mineral Assets Limited (SGX: 40F) from 2011 through to December 2018.

Current Directorships of ASX listed companies other than EXL	Non-executive Chair of Kalgoorlie Gold Mining Ltd (ASX:KAL), Non-executive Director of Ardiden Ltd (ASX:ADV)
Recent Former Directorships of ASX listed companies	None (other than TSN assuming the Scheme is implemented)
Special responsibilities	Expected to be a Member of Remuneration and Nomination Committee Expected to be a Member of Audit and Risk Committee

Managing Director, Ronald Dufficy

Ronald (Ron) Dufficy has been with EXL since 2017, prior to the Company's IPO, and more recently held the role of the Company's Global Chief Financial Officer. Ron has extensive senior leadership and strategy experience which has included holding senior international finance roles, leading large international teams and driving growth initiatives across highly regulated markets. Ron's previous experience has also included the roles of General Manager, Global Shared Services, at Aristocrat (ASX: ALL) and Chief Financial Officer, Aristocrat America, Aristocrat's largest and most profitable division.

Current Directorships of ASX listed companies other than EXL	None
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Recent Former Directorships of ASX listed companies (last 3 years)	None
Special responsibilities	Member of Remuneration and Nomination Committee Member of Audit and Risk Committee

(b) **Company secretaries**

- (i) Josephine Lorenz joined EXL in November 2017 and was appointed Group Chief Financial Officer on 8 April 2022 and appointed as Company Secretary of EXL on 23 May 2023.

Josephine Lorenz's biography is available on EXL's website at: <https://www.elixinolwellness.com/site/About-Us/our-team> and is provided in EXL's 2022 Annual Report available on EXL's website at: <https://www.elixinolwellness.com/site/investor/annual-and-financial-reports>.

- (ii) Sarah Prince was appointed Joint Company Secretary of EXL on 19 April 2023.

Sarah Prince has approximately 20 years of experience as a governance and company secretarial adviser and has worked at Company Matters since 2006, providing governance and company secretarial services to Company Matters' clients across a range of different industries. Sarah is currently the Company Secretary for a number of ASX listed and unlisted companies, she is a member of the Governance Institute of Australia and is admitted as a Solicitor of the Supreme Court of New South Wales, Australia.

(c) **Executive Management**

Key members of the Merged Group's executive management team will include:

Name	Current position
Ronald Dufficy	Group Chief Executive Officer
Josephine Lorenz	Group Chief Financial Officer & Company Secretary
Robert Hasselman	President Americas

The biographies of the Merged Group's executive management team are available on EXL's website at: <https://www.elixinolwellness.com/site/About-Us/our-team>

Ronald Dufficy's biography is available on EXL's website at: <https://www.elixinolwellness.com/site/investor/annual-and-financial-reports>

7.7 Capital Structure of the Merged Group

The capital structure of EXL immediately following Implementation of the Scheme is expected to comprise of the following securities:

Number	Securities
624,190,941 ¹	Ordinary Shares
140,541,583** ²	Options
26,066,930 ³	Elixinol Performance Rights

On the Implementation Date, approximately 158,163,505 New Elixinol Shares will be issued to Scheme Participants. This includes the 140,000 TSN Shares to be issued before the Scheme Record Date as described in 5.7 of this Scheme Booklet and converted to New Elixinol Shares.

Notes:

¹ This capital structure includes the new Elixinol Shares issued under the Share Purchase Plan, and includes:

- 55,555,556 Elixinol Shares issued to participants; and
- 3,000,000 Elixinol Shares issued to Canaccord in consideration for underwriting the SPP pursuant to the terms of the SPP;
- Canaccord advisor fee of 9,036,068 Elixinol Performance Rights, converted to 9,036,068 Elixinol Shares on the Implementation Date; and
- Elixinol Shares issued to the Managing Director of Elixinol (3,478,785 Elixinol Shares) as a short-term incentive in respect of the 2022 financial year, approved by the shareholders of Elixinol at its AGM held on 31 May 2023.

² This figure includes Attaching Options that have been issued under the Placement and SPP, including:

- 6,000,000 Elixinol Options issued to Canaccord in consideration for underwriting for SPP pursuant to the terms of the SPP;
- 374,915 Elixinol Options to be issued to the Excluded Optionholder under the Option Swap Agreement on implementation of the Scheme; and
- 9,166,667 Elixinol Options to be issued to directors in relation to the period between 1 July 2023 to 30 June 2024, subject to vesting conditions.

³ This includes the issue of Elixinol Director Performance Share Rights to directors of Elixinol in relation to the period between 1 July 2023 to 30 June 2024 (10,466,667 Elixinol Director Performance Share Rights), approved by Elixinol shareholders at its AGM on 31 May 2023 and issued prior to the Implementation Date.

7.8 Substantial Holders of the Merged Group

Upon the Scheme becoming Effective, it is expected that the following holders will be substantial holders in the Merged Group:

NAME	INTEREST IN EXL SHARES	% OF ISSUED EXL SHARES
Canaccord*	31,074,072	5.0%

* For further details of Canaccord's shareholding in the Merged Group after implementation of the Scheme, please see section 10.11(b).

7.9 Corporate head office

The Merged Group's intended registered office will be C/- Company Matters Pty Ltd, Level 12, 680 George Street, Sydney, New South Wales, 2000, Australia.

7.10 Combined financial information

(a) Introduction

The consolidated pro forma historical financial information set out in this Section 7.10 has been prepared to illustrate the pro forma historical income statement as at 31 December 2022 (**Pro Forma Historical Financial Information**).

The Elixinol Historical Financial Information, TSN Historical Financial Information and the Pro Forma Historical Financial Information are collectively referred to in this Scheme Booklet as the "**Financial Information**".

All amounts set out in Section 7.10 are presented in Australian dollars.

This Section 7.10 should be read by TSN Shareholders in conjunction with:

- (iv) Section 5.5, which includes the TSN summary of historical financial information;
- (v) Section 6.6, which includes the EXL summary of historical financial information; and
- (vi) the risks summarised in Section 8.

(b) Assumptions regarding capital structure

The Merged Group Pro Forma Historical Financial Information has been prepared on the basis that EXL will own 100% of TSN following implementation of the Scheme. The merger ratio for each TSN Share is 1.1225 New Elixinol Shares. The table below shows the calculation of the number of New Elixinol Shares to be issued and the value of the purchase consideration:

Projected TSN Shares on issue immediately prior to implementation of the Scheme	140,902,900
Exchange ratio	1.1225 New Elixinol Shares for each TSN Share held
New Elixinol Shares to be issued	158,163,505
Elixinol share price (note 1)	\$0.014
Scheme Consideration	\$2,214,289

Note 1: for the purposes of the above table, an Elixinol Share price of \$0.014 has been used being the closing Elixinol Share price on the Last Practicable Date.

(c) **Pro Forma notional Consolidated Income Statement**

A\$m, 12 months ended 31 December 2022	EXL ¹	TSN ²	Pro forma Income Statement
Revenue	7.1	3.8	10.8
Cost of goods sold	-3.8	-2.2	-6.0
Gross profit	3.2	1.6	4.8
GP%	46%	41%	44%
Operating expenses	-12.3	-4.7	-17.0
Non-operating (expenses)/income	0.5	0.0	0.5
Adjusted EBITDA	-8.5	-3.2	-11.7
Depreciation and amortisation	-0.7	-0.3	-1.1
Impairment of assets	-1.0	0.0	-1.0
Share-based payments	-0.2	-0.2	-0.4
Interest income/(costs)	0.0	-0.1	-0.2
Profit/(loss) before tax	-10.6	-3.8	-14.4
Tax benefit/(expense)	0	0.0	0.0
Profit/(loss) after tax	-10.6	-3.8	-14.4

Notes:

- EXL annual accounts for the period ending 31 December 2022.
- TSN half year accounts for the half-year ended 31 December 2022 from TSN audited accounts for the financial year ended 30 June 2022.

(i) Commentary:**(A) Revenue**

- » For the twelve months ending 31 December 2022, combined pro forma revenue of \$10.8m;
- » For the March quarter 2023, combined pro forma revenue of \$2.8m.

(B) Operating Expenses

Total identified annualised operating cost reduction of \$6.6m:

- » EXL's strategic review in early 2022 focused on reducing annualised operating costs by approximately 30% or \$3.2m.
- » TSN's strategic review placed an emphasis on optimising product SKUs, reducing operating expenditure and reduced annualised operating costs by approx. \$1.1m.
- » Further identified cost reductions and synergies through economies of scale and removal of duplicate corporate costs are expected to

reduce future annualised operating costs by \$2.3m in addition to those already identified above.

(d) **Pro-Forma notional Historical Balance Sheet**

A\$m, 31 December 2022	EXL ¹	TSN ²	Elimination ₂	Pro forma Balance Sheet
Assets				
Cash and cash equivalents	2.9	0.5		3.4
Trade and other receivables	4.0	0.3	-1.1	3.2
Inventories	1.7	3.3		5.0
Right of use assets	0.7	0.2		0.9
Property, plant and equipment	0.4	0.8		1.2
Intangible Assets	0.2	0.9		1.1
Investments using equity method	2.8	-		2.8
Other assets	0.8	1.1		1.9
Total Assets	13.5	7.1	-1.1	19.4
Liabilities				
Interest bearing loans and borrowings	0.3	2.1	-1.1	1.3
Trade and other payables	2.2	1.3		3.5
Lease liabilities	1.3	0.2		1.5
Other liabilities	0.5	0.1		0.6
Total Liabilities	4.3	3.7	-1.1	6.9
Net Assets	9.2	3.4	0.0	12.5

Notes:

1. EXL balance sheet based on annual accounts at 31 December 2022; excludes loan arrangement between EXL and TSN for funding of up to \$2.4 million to TSN's operating subsidiary, The Sustainable Nutrition Group (Australia) Pty Ltd ACN 614 061 794.
2. TSN balance sheet based on audited accounts for the financial year ending 31 December 2022; excludes an arrangement between EXL and TSN for funding of \$1.1 million to TSN's operating subsidiary, The Sustainable Nutrition Group (Australia) Pty Ltd ACN 614 061 794 as at 31 December 2022.

(ii) **Commentary:**

- (A) Strong Australian-grown hemp seed inventory that can be stored for up to three years, to be utilised across both TSN and the Hemp Foods Australia businesses.
- (B) TSN other assets include restricted cash of \$0.9m as security for an interest-bearing loan of the same amount.
- (C) Pro forma combined cash position of \$3.4m at 31 December 2022.
- (D) Pro forma combined funding including IRS receivables of \$1.5m at 31 December 2022 leading to total available pro forma available funding of \$4.9m.

(e) **Forecast financial information**

Each of the Elixinol Board and TSN Board has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information in relation to the Merged Group. Each of the Elixinol Board and

TSN Board has concluded that such forecast financial information has the potential to be misleading and a reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable to be of value to either set of shareholders.

(f) **Items not reflected in the Pro forma Historical Financial Information**

The Pro Forma Historical Financial Information has not been adjusted to reflect trading of either EXL or TSN since 31 December 2022, except to eliminate the arrangement between EXL and TSN for funding of \$1.1 million to TSN's operating subsidiary, The Sustainable Nutrition Group (Australia) Pty Ltd ACN 614 061 794 as at 31 December 2022.

(g) **Subsequent events**

The Elixinol Board and the TSN Board are not aware of any significant changes in the state of affairs of the Merged Group or events subsequent to 31 December 2022 that would have a material impact on the Financial Information other than that detailed in section 6 for EXL and section 5 for TSN.

8. RISKS

The TSN Board considers that it is appropriate for TSN Shareholders in considering the Scheme, to be aware that there are a number of risk factors, general and specific to TSN's business, which could materially adversely affect the future operating and financial performance of TSN and the value of TSN Shares.

This section identifies some, but not all, of the major risks associated with your current investment in TSN and general investment risks. You should read the whole of this Scheme Booklet in order to fully appreciate such matters and the manner in which TSN currently operates before any decision is made on how to vote at the Scheme Meeting.

If the Scheme is implemented, you will receive the Scheme Consideration and will no longer be a TSN Shareholder. However, you will have an indirect interest in TSN (as a holder of the New Elixinol Shares) and will therefore remain exposed to some of the risks set out below.

If the Scheme does not proceed, you will continue to hold your TSN Shares and will continue to be exposed to risks associated with that investment.

8.1 Risks associated with TSN's business

(a) Sufficiency of funding

TSN has limited financial resources and its Directors have identified a need for additional funding to finance the development, sale and distribution of its products. TSN's ability to raise additional funds is subject to, among other things, factors beyond the control of TSN and the TSN Directors, including cyclical factors affecting the economy and share markets generally.

As noted in Section 5.13, and separate to the Scheme, EXL has agreed to extend a 12-month secured loan of up to \$2.4m to TSN's operating subsidiary, The Sustainable Nutrition Group (Australia) Pty Ltd ACN 614 061 794 to enable the TSN Group to refinance existing debt, to cover the costs, fees and expenses to undertake the Scheme as well as working capital requirements in the period prior to the Scheme becoming Effective. The loan is on arm's length commercial terms, with an interest rate of 11.51% per annum.

An initial drawdown of A\$1.148m took place in December 2022, and as at 8 May 2023, the initial loan commitment of A\$2m was fully drawn down. On 20 June 2023, pursuant to an Amendment and Restatement Deed, the initial maximum aggregate facility amount was increased from \$2.0m to \$2.4m to cover the additional working capital requirements of the TSN Group resulting from the effluxion of time since entering into the Scheme Implementation Deed and the consequent delay to the expected timetable for implementation of the Scheme.

The proceeds of the loan must be used for refinancing existing debt, to cover the costs, fees and expenses to undertake the Scheme as well as working capital requirements in the period prior to the Scheme becoming effective. Upon the Scheme becoming effective, the loan will be refinanced to an unsecured intercompany loan governed by EXL's Umbrella Intercompany Loan Agreement. If the Scheme does not complete, the loan is repayable in full by 28 November 2023.

Further details of the loan from EXL were announced on the ASX on 29 November 2022 and on 20 June 2023.

There is no guarantee that TSN will be able to secure adequate funding beyond this 12-month period from the date of the EXL loan if the Scheme is not implemented.

(b) Supply risk

TSN's current ability to generate revenue is reliant on its strategic arrangements with its supply chain partners. More specifically, TSN relies on:

- Its established contract farmer grower networks for hemp cultivation and native ingredients.
- Other key relationships in relation to cold pressing and milling as well as its wholesale and retail distribution network.

There is always a risk that any one of these counterparties may terminate their respective agreement with TSN or that they may be unable to provide the products or services contemplated by those agreements

(c) Customer risk

There is risk of the loss of key clients, whether due to increased competition, customer or client choice or potential impairment of relationships with clients.

(d) Agricultural and cultivation risk

The TSN business is based on agricultural production and supply. As such, TSN's business is subject to the risks inherent in the agriculture industry. These risks include:

- crop failures caused by insects, plant diseases, storm, fire, frost, flood, water salinity, pests, bird damage and force majeure events and in particular, irrigated land can be difficult to secure during times of low rainfall, especially in Australia.
- identifying geographic locations that provide the best agronomic conditions for the cultivation of hemp and Indigenous ingredients on the magnitude of TSN's scale, and selecting the most suitable varieties for applicable geographic locations.

These risks may be mitigated to some degree by careful management, but they still may impact growing time, the number of harvests or the yield generated from each harvest.

(e) Regulatory and licensing risk

The business of TSN is dependent on retaining the appropriate licences and permits issued by the relevant authorities for the importation of hemp and the production of hemp in Australia.

(f) Product development

TSN's ability to develop and deliver competitive and high-quality new products, which anticipate consumer trends, is critical to its competitive advantage, reputation, sales growth and ability to maintain margins. Insufficient investment in product development could potentially result in a slowing down of new product innovation. This could have a negative impact on TSN's competitive advantage, reputation, sales growth and ability to maintain margins.

(g) Reputation and image

TSN's ongoing success depends on its ability to maintain, promote and enhance the reputation and image of its brands, including through product innovation and marketing. Demand for TSN's products could be adversely impacted if the reputation or image of TSN or its brands are damaged, for example, as a result of negative publicity concerning matters such as product quality, ethical issues, litigation, regulatory compliance, intellectual property matters or customer service.

(h) Margin risk

The TSN business is subject to commodity prices for hemp and Australian Indigenous ingredients. It operates in a competitive market of food ingredients, fast moving consumer goods and food markets. Increases in competition, especially with respect to TSN's flagship products, such as the Mt Elephant and Field Day products and Australian Superfoods, which put downward pressure on the prices of TSN's products, as well as foreign currency fluctuations and increases in manufacturing costs, including commodity and raw material prices, or the bargaining power of TSN's suppliers or customers, could negatively impact TSN's margins.

(i) Intellectual Property Rights

TSN's ability to protect its registered and unregistered intellectual property rights and any improvements across various jurisdictions is critical to preserving the value of its product innovation and brand development. Such rights and associated information may be the subject of infringement or unauthorised disclosure by third parties, and asserting or defending such rights may be costly and time-consuming.

(j) Competition

Increased competition in the areas in which TSN operates could result in price reductions, reduced operating margins and/or loss of market share, which may have a material adverse effect on TSN's future financial performance and position.

(k) Consumer discretionary spending

TSN's sales levels are sensitive to customer sentiment and buying patterns. TSN's performance may be affected by changes in consumer disposable incomes, confidence and demand.

(l) Reliance on key personnel

TSN is reliant on attracting and retaining quality senior executives and other key technical and operational employees who provide expertise, experience and strategic direction in operating the business. There is no guarantee that such key personnel will stay with TSN or where the Scheme becomes Effective, the Merged Group.

(m) Product liability exposure

TSN's businesses supply food products which must be fit for purpose and compliant with the Australian Consumer Law. As with all food products and notwithstanding the compliance protocols established by TSN, there is a risk that a product may breach relevant consumer law or cause risk or injury to consumers, the implication of which could have a material impact on TSN's reputation, affecting its business performance.

(n) Workplace health and safety risk

Many aspects of farming and manufacturing operations are inherently dangerous. Sales, administration and other staff are also exposed to risks, particularly if they are travelling. TSN must comply with various health and safety laws. There is a risk that

penalties and other liabilities for the violation of health and safety law and standards may be imposed on TSN and may have an adverse effect on TSN's reputation and its revenue, profitability and growth.

(o) Information technology

TSN relies on various information technology systems and assets for its business operations. TSN may be subject to various IT system failures, network disruptions, cybersecurity attacks, breaches in data security, and other non-malicious or malicious disruptions and incidents, which may materially adversely affect TSN's operations, financial condition and operating results.

(p) Litigation and regulatory matters

TSN is subject to the usual business risk that litigation or disputes may arise from time to time in the ordinary course of its business activities. These may include claims, disputes, inquiries and investigations involving competitors, customers, consumers, suppliers, employees, governmental agencies/authorities, regulators or other third parties. Any claim against TSN may adversely impact its future financial performance or position as well as its reputation and brand.

(q) Unforeseen expenses

TSN may be subject to significant unforeseen expenses or actions. This may include unplanned operating expenses, future legal actions or expenses in relation to future unforeseen events.

8.2 General risks associated with TSN

Most of the general risks discussed below are outside the control of TSN and the TSN Board and cannot be mitigated.

(a) Market for Shares

No assurance can be given that an active market will exist in the future for TSN Shares or that TSN Shares will trade at or above the Scheme Consideration for the TSN Shares.

(b) Stock market volatility

The market price of TSN Shares may rise or fall depending upon a range of factors beyond TSN's control and which are unrelated to TSN's operational performance. The price of TSN's Shares listed on ASX may also be affected by a range of factors including TSN's financial performance and by changes in the business environment.

TSN Shares carry no guarantee in respect of profitability, dividends, return on capital, or the price at which they may trade on the ASX.

There are a number of national and international market factors that may affect the price of TSN Shares, including movements on international stock markets, economic conditions and general economic outlook, interest rates and exchange rates, inflation rates, commodity supply and demand, government taxation and royalties, legislation, monetary and other policy changes and general investors' perceptions. Neither TSN nor the TSN Directors have control over these factors.

(c) Business interruption

TSN's business operations, in one or more locations or regions in which it operates, could be exposed to damage or interruption, system failures, power or telecommunication providers' failure, fire, flooding, extreme weather events, natural disasters, global geo-political events, hostilities and acts of terrorism, war, outbreaks of pandemics or diseases (such as, recently, COVID-19), travel restrictions, lockdowns or human error. Such occurrences may impact TSN's ability to operate and could result in business interruption, the loss of customers and/or revenue, brand or reputational damage and weakening of its competitive position, which could in turn adversely affect TSN's operating and financial performance.

(d) General economic conditions

The general economic climate may affect the financial performance of TSN. Relevant factors include the general level of international and domestic economic activity, inflation and interest rates. These factors are beyond the control of TSN and the TSN Directors and their impact cannot be predicted.

(e) Changes in laws and government policy

Changes in laws and government policies (including changes relating to TSN's industry), both domestically and internationally, may adversely affect the financial performance of the current and proposed operations of TSN.

(f) Insurance risks

Although TSN maintains insurance, no assurance can be given that adequate insurance will continue to be available to TSN in the future on commercially acceptable terms.

(g) Government actions and other events

The impact of actions by domestic and international governments may affect TSN's activities, including in relation to its infrastructure, compliance with environmental regulations, export, taxation and royalties.

Events may occur within or outside Australia that could impact on the world economy, the financial services markets, TSN's operations and the price of TSN Shares. These events include war, acts of terrorism, civil disturbance, political intervention, pandemics and natural disasters. TSN has only a limited ability to insure against some of these risks.

(h) COVID-19

The impact of the pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, this may have on the performance of TSN. The situation is constantly developing and changing and is dependent on measures imposed by Government Agencies in Australia and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and economic stimulus that may be provided.

8.3 Specific risks relating to EXL

Sections 8.3, 8.4 and 8.5 set out some of the key risks relating to EXL, the Scheme and the creation of the Merged Group.

You should carefully read this Scheme Booklet in its entirety and specifically consider the risks in Sections 8.3, 8.4 and 8.5. These risks relating to EXL, the Scheme and the creation of the Merged Group are different from, and in addition to, those risks set out in Sections

8.1 and 8.2 that apply to your current investment in TSN Shares. These risks may, individually or in combination, have a material adverse effect on the Merged Group's (post implementation of the Scheme) future financial performance, financial position, cash flows and/or your ability to dispose of the New Elixinol Shares if you wish to do so and, consequently, on the value of your New Elixinol Shares.

The risks set out in Sections 8.3, 8.4 and 8.5 are not an exhaustive list of the risks relating to EXL, the Scheme and the creation of the Merged Group as many of these risks are outside the control of EXL and TSN and either cannot be mitigated or can only be partially mitigated.

You should carefully consider these risks in light of your personal circumstances and seek professional advice from your accountant, tax adviser, stockbroker, lawyer or other professional adviser before voting at the Scheme Meeting.

(a) Sufficiency of funding

The EXL financial statements for the year ended 31 December 2022 were prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business.

The 2022 year was a challenging period for EXL. The CBD industry experienced far lower growth levels in 2022 than was generally expected. This was due in part to the slow opening of the retail sector from the COVID-19 pandemic, but also a lack of regulatory clarity in many of the major CBD markets, and a saturated industry which resulted in an over-supply of product and reduced pricing.

The directors of EXL regularly monitor the EXL Group's cash position on an ongoing basis and continue to explore debt and capital markets funding to support the going concern and working capital requirements associated with EXL's revenue base.

Whilst EXL's current cash flow forecasts support the classification of EXL as a going concern, and EXL can implement plans to defer discretionary expenditure including reducing headcount if necessary and corporate costs in the current cash flow forecast period to take steps to moderate the cash outflows of the business as needed, there remains material uncertainty that may cast significant doubt about EXL's ability to continue as a going concern and therefore in future EXL may be unable to realise its assets and discharge its liabilities in the normal course of business.

(b) Agricultural risk and climate change risk

EXL is exposed to agricultural risk as the business is reliant on agricultural products. As such, the business is subject to the risks inherent in the agriculture industry. These risks include insects, plant diseases, storm, fire, frost, flood, water availability, water salinity, pests, bird damage and force majeure events. These risks may impact the financial performance through increased costs (from low yields or increased prices from low supply) or lack of supply to address customer demands.

(c) Supplier arrangements

EXL relies on several key supplier arrangements to supply raw materials and manufacturers of out-sourced finished goods products. The failure to maintain long term contracts with these suppliers may impact EXL's ability to maintain consistent supply levels and meet customer demand, thereby having a financial impact.

(d) Risk of adverse events, product liability or other safety issues

As with all food or nutraceutical products, there is a risk that the products sold by EXL could cause serious or unexpected side effects, including risk or injury to consumers. Should any of EXL's products be associated with safety risks such as misuse or abuse, inadvertent mislabelling, tampering by unauthorised third parties, or product contamination or spoilage, several materially adverse outcomes could occur, including:

- Regulatory authorities may revoke any approvals that have been granted, impose more onerous facility standards or product labelling requirements, or force EXL to conduct a product recall;
- EXL could be subject to regulatory action or be sued and held liable for any harm caused to customers; or
- EXL's brands and reputation could be damaged.

These may all impact the financial performance of the EXL Group.

(e) Systems, security and data privacy

While EXL has policies and procedures in place to address system security and data risks, there is a risk that these may not be adequate, which could adversely affect EXL's reputation and financial position. There is also a risk that systems are not scalable or have the ability to leverage the synergies of the different businesses across the EXL Group. This may lead to a financial impact and loss in revenue and profitability.

(f) Key management personnel and employees

EXL relies upon its ability to attract and retain experienced and high performing executives and other employees. The failure to achieve this may impact upon EXL's ability to develop and meet its strategies, and may lead to a loss in revenue and profitability.

(g) Change to laws or regulations

EXL Group's operations are highly regulated and could be adversely affected by changes in laws, regulations or regulatory policy in the jurisdictions in which it operates. The operations and proposed operations of EXL Group are subject to a variety of laws, regulations and guidelines related to the retail sale of hemp-derived products. The hemp-derived CBD industry is evolving globally, including in the USA and in Europe and the United Kingdom. It is likely that governments worldwide will continue to explore the benefits, risks and operations of companies involved in the hemp sector.

EXL Group's business, prospects, reputation, performance and financial condition could all be affected by changes to law and regulation, changes to policies, and changes in the supervisory activities and expectations of its regulators across all of the jurisdictions in which it operates. In particular, the regulation of hemp is developing and, as a result, a change in government or increase in political lobbying may result in a change in government policy and an amendment of legislation and/or regulation. For example, there is a risk that the allowable levels of THC in hemp products sold in the US may change. This could potentially result in additional processing costs and impact the overall financial performance of EXL Group.

There is a further risk that the US Food and Drug Administration (FDA), the regulator which regulates ingestible and topical products including CBD products, may seek to change the laws and regulations governing the manufacturing and marketing of CBD products in the US. This could include current 'good manufacturing practice' regulation, nutrition and allergen labelling, and label claim regulations and safety requirements including, as applicable, 'new dietary ingredient' and 'generally recognised as safe' regulations. In the US, given that many of the applicable laws and regulations are determined at the State level, there is also a risk that the regulatory regime governing the EXL Group's US operations and distribution network becomes further fragmented and difficult to comply with. The introduction of new legislation or amendments to existing legislation by governments, or the respective interpretation of the legal requirements, in any of the legal jurisdictions which governs the operations or contractual obligations of EXL Group, could impact adversely on the assets, operations, and the financial performance of the EXL group and the industry in general.

Regulatory compliance and the management of regulatory change are an important part of EXL's planning processes. EXL intends to continue to invest in compliance and the management and implementation of regulatory change and, at the same time, significant management attention and resources will be required to update existing or implement new processes to comply with new regulations (such as obligations to provide certain data and information to regulators) or new interpretations of existing laws or regulations. The failure of EXL to appropriately manage and implement regulatory change, including failing to implement effective processes to comply with new regulations, could in the future result in EXL failing to meet a compliance obligation, and this could in turn lead to a financial impact and loss in revenue and profitability.

(h) Potential application of US tax inversion laws

For US federal income tax purposes, a corporation is generally considered a tax resident in the jurisdiction of its organisation or incorporation. Because EXL is an Australian entity, it would generally be classified as a foreign corporation (and, therefore, not a US tax resident) under these rules. Nevertheless, EXL may be treated as a US corporation and, therefore, a US tax resident for US federal income tax purposes (the so-called "anti-inversion" rules). The US anti-inversion rules are intended to dissuade US corporations and partnerships from redomiciling offshore. It applies when a non-US corporation acquires, directly or indirectly, substantially all of the assets of a US corporation or partnership. The anti-inversion rules do not apply to a non-US acquiring corporation to the extent such corporation (including its "expanded affiliated group") has "substantial business activities" in its country of organisation. As relevant in this situation, EXL (as the non-US acquiring corporation) is likely to fail the substantial business activities test. The former owners of Elixinol US are likely to own 80% or more of the voting power or value of EXL (excluding the value of stock issued in a public offering or a private placement) by reason of the transfer of Elixinol US. Accordingly, EXL is likely to be treated as a US resident corporation for US federal income tax purposes. To the extent EXL is treated as a US resident corporation as a result of the operation of the anti-inversion rules, the following high-level US federal income tax considerations would apply:

- EXL would be treated as a US corporation subject to US federal income tax on its worldwide earnings.
- EXL would be required file an annual US federal income tax return and comply with all US federal income tax laws.

- Non-US Subsidiaries under control of EXL would be treated as controlled foreign corporations for US federal income tax purposes.
- Distributions paid by EXL to non-US shareholders, and other payments of passive-type income (e.g., interest, royalties, rents, etc.) could be subject to US withholding tax. Please note that the above is not intended to be an exhaustive or complete analysis of the US federal income tax consequences to EXL or its Subsidiaries. Management and EXL's tax adviser will further analyse the anti-inversion rules, as well as potential new tax legislation in the US, but there is current uncertainty regarding the tax position of EXL, and the possibility of an increased tax burden on EXL, that may lead to lower overall profitability.

(i) Loss of key relationships

The hemp-derived CBD industry is undergoing rapid growth and change, which has resulted in increasing consolidation and formation of strategic relationships. It is expected that this consolidation and strategic partnering will continue. Acquisitions or other consolidating transactions could harm EXL in a number of ways. EXL may lose strategic relationships if third parties with whom EXL has arrangements with are acquired by or enter into relationships with a competitor (which could cause EXL to lose access to necessary resources). EXL's current competitors could become stronger, or new competitors could form from consolidations. This could cause EXL to lose access to markets or expend greater resources in order to stay competitive. Separately, the relationship between EXL and third parties may deteriorate organically, which may have an adverse impact on the business of EXL Group.

(j) Production risk

The ability for EXL Group entities to cultivate and produce products is dependent on a number of key inputs and their related costs. These key inputs include raw materials, electricity, water, other utilities and skilled labour. Any significant interruption or negative change in the availability or cost of these inputs could materially impact the production of the business and subsequently, the operating results of EXL. In particular, given the nature of the raw materials used by each of the EXL Group entities, supply may be limited to a single or limited number of suppliers, with access to these raw materials more competitive than conventional ingredients. As a result, there is an enhanced risk of difficulties in securing the required supplies, or to do so on appropriate terms.

(k) Supplier arrangements

EXL has arrangements with a number of key suppliers. To the extent that EXL Group entities cannot secure and retain key suppliers, their respective abilities to maintain consistent production levels may be compromised, which in turn may have an adverse impact on the financial performance and position of EXL.

(l) Reputational risk

There is a risk that incidents beyond the control of EXL Group entities could occur which would have the effect of reducing patient, medical/scientific or regulatory confidence, or preferences for cannabis or medicinal cannabis products generally. This reputational risk could result from incidents involving members of EXL Group or other non-related industry participants.

(m) Protection of intellectual property

EXL's success will depend on, in part, its ability to protect its intellectual property, including its trade marks, copyright, trade secrets and know-how. To the extent EXL

fails to protect its intellectual property or infringes a third party's intellectual property, EXL may face increased competition from similar products, have to cease using certain intellectual property or be liable for damages. In the event that this occurs, there is a risk that it has a materially adverse impact on EXL's operations, financial performance and future prospects.

(h) Competition risk

The industries in which the current EXL Group entities are involved is subject to domestic and international competition. While the entities will undertake all reasonable due diligence in their business decisions and operations, they will have no influence or control over the activities or actions of their competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of EXL. Some of EXL's competitors and potential competitors may have significantly more financial resources and marketing experience than EXL which may lead to reduced margins and loss of revenue or loss of market share for EXL. Further, EXL revenues in the future may be reduced as the industry consolidates and seeks revenue accretion at the expense of profit margin.

(i) Uncontracted sales

A material proportion of EXL's revenue is derived from uncontracted customer relationships, with sales made under standard terms and conditions. There is a risk that these customer relationships may not be able to be maintained, or new relationships may not be formed, on terms acceptable to EXL.

Additionally, given the uncontracted nature of these relationships, it is not possible to guarantee consistency of sales volumes, price or terms going forward. EXL's financial performance could be materially and adversely impacted by wholesale customers:

- materially changing their trading terms;
- promoting the products of one or more of EXL's competitors; or
- refusing to promote or stock EXL's products or significantly reducing orders for its products.

(j) Contracts and agreements

There are a number of risks associated with EXL's existing contracts and agreements, including those related to previous supply arrangements and property leases. There is a risk that EXL's existing contracts may be terminated, lost or impaired, or renewed on less favourable terms. Some of EXL's contracts can be terminated without cause or on short notice periods (depending on events and circumstances), and although the relevant parties may continue to operate on existing commercial terms, a number of its existing contracts have expired or will shortly expire. A loss of any of EXL's contracts could have an adverse effect on its business, operating and financial performance. Similarly, there is a risk that EXL may not meet its existing obligations under current contracts and agreements. Should this be the case, EXL may be liable (to varying extents) under indemnity provisions in a number of contract and agreements. Any failure to meet these obligations could adversely impact the financial position of EXL.

(n) Counterparty risks

EXL has entered, and may enter, into several commercial agreements and arrangements (including licences) with third parties that are, or could be, material to the financial performance and prospects of its business. There is a risk that

counterparties may not execute such agreements or, in respect of agreements that have been executed or are executed in the future, the counterparty may fail to meet their obligations under those agreements and arrangements. Negative commercial consequences will, or are likely to, result from the non-execution of such an agreement or any non-observance of obligations under such agreements. These consequences may include preventing the relevant EXL Group entity from executing a part, or parts, of its business plan. This in turn may result in an adverse effect on EXL's proposed activities and operations, financial performance and prospects.

(k) Impairments

Many of the risks set in this Scheme Booklet may be cause for EXL to reassess the carrying value of its assets. Indicators of impairment can exist for a number of reasons including where asset valuations are lower than their written down book values, certain activities, contracts or joint ventures are discontinued, a determination is made that equipment can no longer be utilised by EXL in producing its products or sold to a third party or inventory passes its shelf life, can no longer be used in the production of EXL's products and/or cannot be sold to a third party, amongst other things. The recognition of an impairment will result in a write-down of asset value and an equivalent non-cash charge to the income statement, thereby reducing EXL's net assets and reported profits respectively. EXL assesses for indicators of impairment at each reporting period.

(o) No direct rights against TSN

TSN Shareholders are currently direct holders of TSN Shares, and accordingly may enforce their rights as TSN Shareholders directly against TSN. Scheme Participants will be issued New Elixinol Shares, and will therefore have an indirect holding in TSN through EXL. Elixinol Shareholders may only enforce their rights against EXL and not against any other member of the EXL Group (which will include TSN on the implementation of the Scheme).

8.4 General risks relating to Merged Group

(a) Working capital and sufficiency of funding

The Merged Group will have limited financial resources and there may be a need for additional funding to finance the development, sale and distribution of the Merged Group's products. The Merged Group's ability to raise additional funds is subject to, among other things, factors beyond the control of the Merged Group including cyclical factors affecting the economy and share markets generally.

(b) General economic conditions

The operating and financial performance of the Merged Group will be influenced by a variety of global economic and business conditions. Prolonged deterioration in general economic conditions, for example a decrease in consumer and business demand which may impact the demand of the Merged Group's customers for its products, could be expected to have a material adverse impact on the Merged Group's business or financial condition. It is possible that a material deterioration of macroeconomic conditions could occur in the markets in which the Merged Group will operate if the Scheme is implemented and such a deterioration could materially adversely impact the Merged Group's business, financial condition and results of operations.

(c) General risk associated with investments in equity capital

There are risks associated with any investments in equity capital. The value of New Elixinol Shares may rise or fall, depending on the financial position and operating

performance of the Merged Group. Further, the price at which New Elixinol Shares trade on the ASX may be affected by several factors unrelated to the financial and operating performance of the Merged Group, and over which the Merged Group and the Elixinol Board have limited or no control. These external factors may include:

- The impact of COVID-19;
- Macroeconomic conditions and outlook in Australia and globally;
- Changes in interest rates and the rate of inflation;
- Investor sentiment in the local and international stock markets;
- Changes in fiscal, monetary, regulatory and other government policies;
- Changes in government legislation and policies, including tax laws;
- The development of new technologies and displacement of existing technologies; and
- Geopolitical conditions such as acts or threats of terrorism or military conflicts.

Historic share price performance of EXL does not provide any guidance as to future price performance of the New Elixinol Shares. The price of equity securities can be subject to significant fluctuation and volatility, and caused by general factors, rather than factors specific to EXL, including the general state of the economy, the ongoing response to the COVID-19 pandemic, geopolitical instability, and global hostilities and tensions and effects of any such event. Resulting fluctuations may materially adversely affect the market price of Elixinol Shares.

8.5 Risks specific to the Scheme and creation of the Merged Group

(a) Competing Proposal

There is a risk that TSN receives, and recommends, a Competing Proposal before the Second Court Date. If this were to occur, the Scheme Implementation Deed would likely be terminated and the Scheme would likely not proceed.

As at the date of this Scheme Booklet, TSN has not received a Competing Proposal and the TSN Board continues to unanimously recommend the Scheme in the absence of a Superior Proposal.

(b) Integration risk

There is a risk that unexpected issues and complications may arise during the process of integrating EXL and TSN. The Merged Group may face risks such as unanticipated liabilities and costs, operational disruption and possible loss of key employees, clients or market share if integration is not achieved in an efficient and effective manner.

Integration risk factors include:

- difficulty in consolidating corporate and administrative infrastructures and removing duplicative operations;
- difficulty in aligning and executing the strategy of the Merged Group;
- difficulty in integrating information systems;
- difficulty in merging the culture and management styles of the two organisations;
- greater than anticipated loss of clients or client opportunities due to conflicts or other factors;

- unexpected losses of key employees;
- unanticipated market conditions; and
- changes in regulations, or regulatory conditions imposed in connection with the Scheme, impacting the ability of the Merged Group to use its scale and presence to achieve anticipated benefits.

Integration planning is expected to mitigate the risk of these issues occurring. Nonetheless, a risk remains that difficulties may arise in integrating the two businesses.

(c) Potential variation in the value of New Elixinol Shares

EXL has offered 1.1225 Elixinol Shares per TSN Share under the terms of the Scheme. As this ratio is fixed, the number of New Elixinol Shares to be received by TSN Shareholders in the context of the Scheme will remain unchanged even if the market value of New Elixinol Shares differs relative to the pre-Implementation market values of Elixinol Shares and TSN Shares.

No adjustment will be made to the ratio due to fluctuations in the market price of Elixinol Shares or TSN Shares. Any such fluctuations may adversely affect the market value of Elixinol Shares (including the market value of the New Elixinol Shares).

(d) Employees

Many of TSN's and EXL's key personnel are highly qualified and highly experienced with in-depth industry and client knowledge. Any loss of key personnel may have a material adverse impact on the respective financial performance of the Merged Group. Employee retention may be particularly challenging during the Scheme process and integration of EXL and TSN, as employees may experience change fatigue or uncertainty about their future roles.

Since the respective businesses are heavily dependent on professional staff, which represents a significant proportion of the cost base, this may have an adverse impact upon revenue and/or profitability. Furthermore, the Merged Group may have to incur significant costs in identifying and hiring replacements for departing employees and may lose significant expertise relating to the business. Accordingly, the Merged Group's ability to realise the anticipated benefits of the Scheme may be adversely affected.

Certain key executives and other employees of EXL or TSN may terminate their management positions or their employment contracts on their own initiative as a result of or following the implementation of the Scheme. If members of the Merged Group's senior management depart, the Merged Group may not be able to find effective replacements in a timely manner, or at all, and its business may be disrupted.

(e) Scheme Conditions

Implementation of the Scheme is subject to a number of Scheme Conditions, outlined in Section 9.9 including that no court or Regulatory Authority takes any action to restrain or prohibit the Scheme. Certain Scheme Conditions are beyond the control of TSN and EXL. There can be no guarantee that the Scheme Conditions will be satisfied or waived (as applicable) in a timely manner or at all. Any failure or delay to satisfy the Scheme Conditions could prevent or delay implementation of the Scheme, which could reduce or delay the benefits that are anticipated to arise from

the Scheme, increase the costs associated with the Scheme and impede the successful integration of EXL and TSN.

(f) Reputation

Industry reputation is a key asset of TSN and EXL. Maintenance of the reputation and value associated with the Merged Group, and the development, sale and distribution of its products within it, will be critical to the Merged Group's businesses and their strategy for the future.

It is possible that, if the Scheme is implemented, the strategies described in this Scheme Booklet may not be achieved, or key employees may leave, resulting in the erosion of the reputation or value associated with the Merged Group and its businesses, which in turn could have an adverse effect on the performance and operations of the Merged Group. Other events, including a material non-compliance with regulations or a breach of or failure in information and technology systems, could have a material adverse impact on the Merged Group's reputation or the value of its businesses and increase expenditure due to additional security costs and/or potential claims for compensatory damages.

(g) Litigation

In connection with the Scheme, EXL and / or TSN could face new claims and litigation, in particular brought by existing or former business partners, competitors and / or regulators of EXL or TSN, or by investors in connection with the Scheme.

(h) Due Diligence

The negotiations between TSN and EXL were conducted on the basis of the information that was publicly available to each party and on voluntary limited disclosure by each party to the other. While TSN and EXL consider the due diligence investigations to have been adequate and consistent with market practice for a transaction of this type, the investigations were undertaken within a limited timeframe and both parties have not been able to verify the accuracy, reliability or completeness of all of the information provided to them against independent data. In addition, consistent with market practice in Australia, the warranties provided by TSN and EXL in the Scheme Implementation Deed are more limited than what a seller in a privately negotiated share acquisition agreement would normally provide.

As a result, following implementation of the Scheme, unknown liabilities of TSN or EXL may arise, or expected types of liabilities may be greater than anticipated, and this may impact negatively on profitability, results of operations, financial position, market value and share price of the Merged Group, which the relevant party might otherwise have discovered if it had conducted a complete due diligence review and obtained extensive warranties from the other party.

(i) After-market

If a large number of shareholders in the Merged Group do not intend to continue to hold their Elixinol Shares (including, for TSN Shareholders, those New Elixinol Shares received as Scheme Consideration) after Implementation and instead choose to sell, there is a risk that the trading price of Elixinol Shares will be adversely impacted by such selling.

(j) Climate risk

Natural events caused or affected by changing climate can have an impact on EXL's business. Conditions may influence the supply of and demand for TSN's products

and services provided by EXL, resulting in varied revenue levels. Climate change may have financial implications to EXL and could potentially cause direct damage to assets and indirect impacts caused by supply chain or product distribution disruption.

9. IMPLEMENTATION OF THE SCHEME

9.1 Overall effect of the Scheme

The Scheme is to be implemented through the Scheme of Arrangement outlined in this Scheme Booklet between TSN and TSN Shareholders. EXL will acquire all of the issued Shares in TSN and TSN will become a wholly-owned Subsidiary of EXL.

If the Scheme becomes Effective, on the Implementation Date all the Scheme Shares will be transferred to EXL, and TSN will enter the name and address of EXL in the TSN Register as the holder of all the Scheme Shares. Each Scheme Participant, being a person who is registered as a TSN Shareholder on the Scheme Record Date, will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares.

The Scheme Consideration will be provided to Scheme Participants in accordance with the provisions of the Scheme.

9.2 People who are affected by the Scheme

If the Scheme becomes Effective, Scheme Participants will have all of their Scheme Shares transferred to EXL without the need for any further act by any Scheme Participant in return for the Scheme Consideration for each Scheme Share that they hold.

9.3 Scheme Consideration

If the Scheme becomes Effective, Scheme Participants will receive Scheme Consideration of 1.1225 New Elixinol Shares for each TSN Share held as at the Scheme Record Date.

The Scheme Consideration will be issued on the Implementation Date.

TSN Shareholders who are Ineligible Shareholders will not be issued New Elixinol Shares. Instead, the New Elixinol Shares to which the Ineligible Shareholders would otherwise be entitled to under the Scheme will be issued to the Sale Nominee and sold through the Share Sale Facility, after which, the Share Sale Facility Proceeds will be remitted to those TSN Shareholders.

A holding statement detailing the issue of the New Elixinol Shares is expected to be despatched to Scheme Participants within 2 Business Days after the Implementation Date.

Scheme Participants may be unable to trade until they receive the holding statement confirming the number of New Elixinol Shares held. It is the responsibility of each Scheme Participant to confirm their holding before trading in their securities. Holders of New Elixinol Shares who sell their securities before they receive their holding statements do so at their own risk. TSN and EXL disclaim all liability (to the maximum extent permitted by law) to persons who trade the New Elixinol Shares before receiving their holding statements.

Subject to the Scheme becoming Effective, EXL will apply for the Consideration Shares comprising the Scheme Consideration to be approved for conditional listing on the ASX and use its reasonable endeavours to ensure that on and from the Business Day after the Implementation Date, the Consideration Shares comprising the Scheme Consideration will be approved for listing on ASX.

9.4 Share Sale Facility

EXL will issue the New Elixinol Shares that cannot be issued to an Ineligible Shareholder to the Sale Nominee and such shares will be sold for the benefit of that relevant person.

TSN will, as soon as reasonably practicable, distribute to each Ineligible Shareholder their respective proportion of the Share Sale Facility Proceeds by (at its discretion):

- » sending the relevant proportion of the Share Sale Facility Proceeds to the Ineligible Shareholder's registered address by cheque in Australian dollars; or
- » depositing via an electronic funds transfer (or procuring that it is deposited via an electronic funds transfer), the relevant proportion of the Share Sale Facility Proceeds into an account with any Australian ADI (as defined in the Corporations Act) notified to TSN by an appropriate authority from the Ineligible Shareholder.

Brokerage fees, other costs, taxes and charges will be deducted from the Share Sale Facility Proceeds prior to their distribution to Ineligible Shareholders.

Completion of the sale of New Elixinol Shares through the Share Sale Facility and the distribution of the Share Sale Facility Proceeds is expected to occur as soon as reasonably practicable after the Implementation Date but in any case no later than 15 business days after the Implementation Date.

Interest will not be paid on any Share Sale Facility Proceeds.

The Share Sale Facility Proceeds will be paid in Australian dollars.

The Sale Nominee will sell the New Elixinol Shares at such a price and on such other terms as the Sale Nominee determines in good faith (and at the risk of Ineligible Shareholders) having due regard for the desire to achieve the best price reasonably available at the time of sale.

There is no guarantee that there will be a liquid market for the New Elixinol Shares. Prices for the New Elixinol Shares may rise and fall during the sale period and will depend on many factors, including the demand for and supply of the New Elixinol Shares.

TSN, EXL and the Sale Nominee give no assurance as to the price that will be achieved for the sale of the New Elixinol Shares described above. The actual price achieved may be more or less than the market value of the Elixinol Shares as at the Last Practicable Date.

The payment of the Share Sale Facility Proceeds from the sale of New Elixinol Shares will be in full satisfaction of the rights of Ineligible Shareholders.

Under the Scheme, each Ineligible Shareholder appoints TSN as its agent to receive any financial services guide or other notice which may be required to be issued to them by the Sale Nominee.

9.5 Steps in implementing the Scheme

- (a) **Scheme Implementation Deed:** TSN and EXL executed the Scheme Implementation Deed under which TSN agreed to propose the Scheme. A copy of the Scheme Implementation Deed (as amended) is reproduced in Annexure C.
- (b) **Execution of Deed Poll:** EXL has executed the Deed Poll in favour of TSN Shareholders. Pursuant to the Deed Poll, EXL covenants in favour of Scheme Participants to perform its obligations under the Scheme including, among other things, providing each Scheme Participant with their Scheme Consideration. A copy of the Deed Poll is reproduced in Annexure D.
- (c) **Court approval to hold Scheme Meeting:** If it deems it appropriate, the Court will order that the Scheme Meeting be convened and make any other orders it deems appropriate in accordance with section 411(1) and 411(1A) of the Corporations Act.

Any orders or directions made by the Court under section 411(1) and 411(1A) are not an endorsement of, or any other expression of opinion, on the Scheme.

- (d) **Scheme Meeting:** TSN Shareholders will vote on whether to approve the Scheme at the Scheme Meeting.
- (e) **Court approval of the Scheme:** If the Scheme is approved by the requisite majorities of TSN Shareholders at the Scheme Meeting, TSN will apply to the Court for an order approving the Scheme. Each TSN Shareholder has the right to appear at Court at the hearing of the application by TSN for orders approving the Scheme. See the 'Important Notices' section of this Scheme Booklet for further information. The Court has discretion as to whether to grant the orders approving the Scheme, even if the Scheme is approved by the requisite majorities of TSN Shareholders.
- (f) **Court Orders and Effective Date:** If the Court Order approving the Scheme is obtained, on or before 5.00 pm on the first Business Day following approval of the Scheme by the Court in accordance with section 411(4)(b) of the Corporations Act, TSN will lodge with ASIC an office copy of the Court Order. The date the office copy of the Court Order is lodged with ASIC will be the Effective Date.
- (g) **Suspension of trading of TSN Shares:** If the Court approves the Scheme, then TSN will notify ASX of that approval on the day it is received. It is expected that suspension of trading in TSN Shares on ASX will occur from the close of trading on the Effective Date.
- (h) **Scheme Record Date:** The Scheme Participants will be entitled to receive the Scheme Consideration in respect of the Scheme Shares they hold as at the Scheme Record Date.
- (i) **Issuance of Scheme Consideration:** On the Implementation Date, EXL must issue the New Elixinol Shares to the Scheme Participants in accordance with the terms and conditions of the Scheme. On or before the date that is 2 Business Days after the Implementation Date, EXL must send, or procure the sending of, a certificate or holding statement reflecting the issue of the New Elixinol Shares to each Scheme Participant.
- (j) **Transfer of Scheme Shares:** If the Scheme becomes Effective, then on the Implementation Date, in consideration for and subject to EXL providing the Scheme Consideration, all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares, will be transferred to EXL without the need for any further act by any Scheme Participant, by TSN effecting a valid transfer or transfers of the Scheme Shares to EXL under section 1074D of the Corporations Act or, if this procedure is not available for any reason, by:
 - (i) TSN delivering to EXL duly completed and executed share transfer forms (which may be a master transfer of all or part of the Scheme Shares) to transfer all of the Scheme Shares to EXL;
 - (ii) EXL executing and delivering the share transfer forms to TSN; and
 - (iii) as soon as practicable after the execution and delivery of the share transfer forms by EXL, TSN entering the name and address of EXL in the TSN Register as the holder of all of the Scheme Shares.
- (k) **Delisting of TSN:** Following the implementation of the Scheme, it is expected that TSN will apply for the termination of the official quotation of TSN Shares on ASX and for TSN to be removed from the official list of ASX.

On completion of the steps above, EXL will hold all of the TSN Shares.

In the event that the Scheme Implementation Deed is terminated, the Scheme will not become Effective.

9.6 If the Scheme does not proceed

If the Scheme does not proceed, TSN will not become a wholly-owned subsidiary of EXL and Scheme Participants will not receive the Scheme Consideration, will continue to retain their interest in TSN Shares and continue to collectively control TSN. In this case, the advantages of the Scheme described in Section 4.2 will not be realised. See Section 4.3 for further details of the consequences of the Scheme not proceeding.

9.7 Effect of Scheme

If the Scheme becomes Effective, it will constitute a binding arrangement between TSN and each Scheme Participant and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of TSN.

9.8 Enforcement of Deed Poll

TSN undertakes in favour of each Scheme Participant to enforce the Deed Poll against EXL on behalf of and as agent and attorney for the Scheme Participants.

9.9 Scheme Conditions

The Scheme is conditional on and will be of no force and effect until the following conditions have been satisfied or waived:

- (a) **Orders convening Scheme Meeting:** The Court orders the convening of the Scheme Meeting under section 411(1) of the Corporations Act;
- (b) **TSN Shareholder approval:** TSN Shareholders approve the Scheme at the Scheme Meeting by the requisite majorities under section 411(4)(a)(ii) of the Corporations Act;
- (c) **Independent Expert:** the Independent Expert issues an Independent Expert's Report which concludes that the Scheme is in the best interests of TSN Shareholders before the time when the Scheme Booklet is registered with ASIC and does not publicly change or withdraw that conclusion before 8:00am on the Second Court Date;
- (d) **ASIC and ASX Consents:** before 8:00am on the Second Court Date, ASIC and ASX issue or provide such consents, waivers and/or approvals which are reasonably necessary to implement the Scheme (noting that if such consents, waivers and/or approvals are subject to conditions those conditions must be acceptable to the Bidder acting reasonably and such consent, waiver and/or approval has not been withdrawn or revoked before 8:00am on the Second Court Date);
- (e) **Other governmental authorities:** before 8:00am on the Second Court Date, the relevant Government Agency issues or provides such consents, waivers, approvals which the Bidder reasonably considers are necessary or desirable to implement the Scheme (noting that if such consents, waivers and/or approvals are subject to conditions those conditions must be acceptable to the Bidder) and such consent, waiver and/or approval has not been withdrawn or revoked before 8:00am on the Second Court Date;

- (f) **No restraints:** no applicable law, regulation or rule shall have been enacted and no Order shall be in effect as at 8:00am on the Second Court Date (or the intended date for the Second Court Date, but for such law, regulation, rule or Order) that prevents or prohibits the implementation of the Scheme;
- (g) **No TSN Prescribed Occurrence:** No TSN Prescribed Occurrence occurs between the date of the Scheme Implementation Deed and 8:00am on the Second Court Date, which has not been remedied as at 8.00am on the Second Court Date;
- (h) **No TSN Material Adverse Change:** no TSN Material Adverse Change occurs between the date of the Scheme Implementation Deed and 8:00am on the Second Court Date;
- (i) **No Elixinol Material Adverse Change:** no Elixinol Material Adverse Change occurs between the date of the Scheme Implementation Deed and 8:00am on the Second Court Date;
- (j) **No Elixinol Prescribed Occurrence:** No Elixinol Prescribed Occurrence occurs between the date of the Scheme Implementation Deed and 8:00am on the Second Court Date, which has not been remedied as at 8.00am on the Second Court Date;
- (k) **Canaccord shares:** Immediately prior to the Second Court Date, the Bidder has delivered to TSN a document confirming that it has assumed the obligation to issue the Canaccord 9,036,068 Elixinol Shares immediately post implementation of the Scheme.
- (l) **Cancellation Options:** before 8:00am on the Second Court Date:
 - (i) TSN has complied with its obligations under clause 4.5 of the Scheme Implementation Deed in relation to the Cancellation Options; and
 - (ii) Option Cancellation Agreements have been duly executed and exchanged by the parties thereto and are legally binding and effective, in respect of all Cancellation Options so that there are no Cancellation Options which are not the subject of an Option Cancellation Agreement;
- (m) **Excluded Options:** before 8.00am on the Second Court Date:
 - (i) EXL has complied with its obligations under clause 4.6 of the Scheme Implementation Deed in relation to the Excluded Options; and
 - (ii) Option Swap Agreements have been duly executed and exchanged by the parties thereto and are legally binding and effective, in respect of all Excluded Options so that there are no Excluded Options which are not the subject of an Option Swap Agreement;
- (n) **Target Performance Rights:** Before 8:00am on the Second Court Date:
 - (i) TSN has complied with its obligations under clause 4.7 of the Scheme Implementation Deed in relation to the Target Performance Rights;
 - (ii) Performance Rights Agreements have been duly executed and exchanged by the parties thereto and are legally binding and effective, in respect of all Target Performance Rights so that there are no Target Performance Rights which are not the subject of a Performance Rights Agreement;
- (o) **Net debt balance:** before 8:00am on the Second Court Date, TSN has delivered to Elixinol documentation evidencing that, as at the Effective Date and as at the

Implementation Date, TSN will have a net debt balance of no greater than (i) where the relevant date is on or before 30 June 2023, \$2,500,000 and (ii) where the relevant date is after 30 June 2023, the amount of \$2,500,000 increased by \$100,000 for each completed calendar month occurring after 30 June 2023;

- (p) **No termination:** As at 8:00 am on the Second Court Date, the Scheme Implementation Deed and Deed Poll have not been terminated in accordance with their terms;
- (q) **Court Approval:** The Court has approved the Scheme for the purposes of section 411(4)(b) of the Corporations Act with or without modification;
- (r) **Additional Conditions:** Such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to EXL and TSN have been satisfied;
- (s) **Court orders effective:** Pursuant to section 411(10) of the Corporations Act, the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable section 411(6) of the Corporations Act) in relation to the Scheme must be lodged with ASIC to become Effective; and
- (t) **All other Scheme Implementation Deed conditions:** All conditions set out in clause 3.1 of the Scheme Implementation Deed (including those listed and unlisted in this section of the Scheme Booklet) have been satisfied or waived in accordance with the terms of the Scheme Implementation Deed prior to 8:00am on the Second Court Date.

9.10 Status of Scheme Conditions

As at the Last Practicable Date, TSN and EXL are not aware of any circumstances that would cause the outstanding Scheme Conditions not to be satisfied or waived.

As at the date of the Scheme Booklet, the following Scheme Conditions set out in clause 3.1 of the Scheme Implementation Deed have already been satisfied or waived:

- (a) **Orders convening Scheme Meeting:** The Court has ordered that TSN convene the Scheme Meeting at 10am on 2 August 2023 for the purpose of the TSN Shareholders voting on the Scheme.
- (b) **Independent Expert opinion:** The Independent Expert has issued the Independent Expert's Report, which concluded that the Scheme is "*not fair but reasonable*" and "*in the best interests*" of TSN Shareholders – in the absence of a Superior Proposal.

9.11 Termination

As outlined in clause 14 of the Scheme Implementation Deed, the Scheme Implementation Deed may be terminated in circumstances including (but not limited to) the following events:

- (a) the Scheme Implementation Deed may be terminated by either party by notice to the other at any time prior to 8.00 am on the Second Court Date upon the following:
 - (i) if either:
 - (A) the other party is in material breach of any provision of the Scheme Implementation Deed; or
 - (B) a representation and warranty given by the other party is not true and correct, where that breach of representation and warranty is material in the context of the Scheme; and

the non-breaching party wishing to terminate has given written notice to the other party setting out the relevant circumstances and stating an intention to terminate and the relevant circumstances continue to exist for 5 Business Days from the time the notice of intention to terminate is given (or any shorter period ending at 5:00pm on the Business Day before the Second Court Date).

- (i) if the conditions set out in clause 3.1 of the Scheme Implementation Deed have not been fulfilled and an agreement has not been reached between TSN and EXL to waive or amend them.
 - (ii) if the Scheme is not Effective by the End Date;
 - (iii) the Court refuses to grant an order directing TSN to convene the Scheme Meeting, or approving the Scheme;
 - (iv) a Court or other Government Agency has issued a final and non-appealable order decree or ruling or taken other action which permanently restrains or prohibits the Scheme; or
 - (v) is agreed to in writing by the parties.
- (b) subject to the provisions regarding the Target Break Fee (described in Section 4.5(b)), EXL may terminate the Scheme Implementation Deed by written notice to TSN at any time prior to 8.00 am on the Second Court Date if any TSN Director:
- (ii) fails to provide the recommendation or voting statement in favour of the Scheme;
 - (iii) withdraws its recommendation that TSN Shareholders vote in favour of the Scheme at the Scheme Meeting; or
 - (iv) has recommended or made a statement indicating that he or she no longer supports the Scheme or is recommending, supporting or endorsing another transaction (including a Competing Proposal).
- (c) TSN may terminate the Scheme Implementation Deed by written notice to the Bidder at any time before 8:00am on the Second Court Date if a majority of the Target Board withdraws its recommendation that TSN Shareholders vote in favour of the Scheme at the Scheme Meeting, and, if required to pay the Target Break Fee as a result of such withdrawal, TSN has paid the Bidder the Target Break Fee.

Full details of the termination events are detailed in the Scheme Implementation Deed contained in Annexure C.

9.12 End Date

The Scheme will lapse and be of no further force or effect if the Scheme has not become Effective on or before the End Date or such later date as the Court approves with the consent of EXL and TSN.

9.13 Establishing Scheme Participants

(a) Dealings prior to the Scheme Record Date

For the purpose of establishing the persons who are Scheme Participants, dealings in TSN Shares will be recognised by TSN provided that:

- (i) in the case of CHESS dealings, the transferee is registered in the TSN Register as the holder of the TSN Shares by the Scheme Record Date; and
- (ii) in all other cases, registrable transmission applications or transfers in registrable form, or valid requests in respect of other alterations, in relation to those dealings are received on or before the Scheme Record Date at the place where the TSN Register is kept,

and TSN will not accept for registration, nor recognise for any purpose, any transfer or transmission application in respect of TSN Shares received after the Scheme Record Date, other than a transfer to EXL or its successors in title in accordance with the Scheme.

(b) Dealings after the Scheme Record Date

For the purpose of determining entitlements to the Scheme Consideration, the TSN Register will be determinative.

As and from the Scheme Record Date, each entry on the TSN Register relating to TSN Shares (other than an entry in respect of EXL) will cease to have any effect other than as evidence of an entitlement to Scheme Consideration.

From the Scheme Record Date, all certificates and holding statements for Scheme Shares held by Scheme Participants existing on the Scheme Record Date will cease to have effect as documents of title.

9.14 Suspension and termination of trading in TSN Shares

TSN will apply to ASX for suspension of the TSN Shares from official quotation on ASX with effect from the Business Day following the Effective Date. Following the Implementation Date, ASX will be then requested to remove TSN from the official list of ASX.

9.15 Covenants and releases by Scheme Participants

Under the Scheme, each Scheme Participant without the need for any further act, irrevocably appoints TSN as its agent and attorney for the purpose of:

- (a) executing any document or form or doing any other act necessary or incidental to give effect to the terms of the Scheme and the transactions contemplated by it, including the transfer of Scheme Shares and the giving of the Scheme Participant's consent under clause 7.9 of the Scheme; and
- (b) enforcing the Deed Poll against EXL.

9.16 Warranties by Scheme Participants

The Scheme provides that on the Implementation Date, each Scheme Participant is deemed to have warranted to EXL that:

- (a) all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the date of their transfer to EXL pursuant to the Scheme, be fully paid and free from all encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
- (b) they have full power and capacity to sell and to transfer their Scheme Shares together with any rights and entitlements attaching to such shares; and

- (c) it has no existing right to be issued any TSN Shares, TSN Options, performance rights, convertible notes or any other TSN security other than, in the case of any Scheme Participant who is also the holder of Target Options, the right to be issued TSN Shares on the exercise of those Target Options in accordance with their terms.

9.17 Status of Scheme Shares

On the Scheme becoming Effective and until TSN registers or procures the registration of EXL as the holder of all the Scheme Shares in the TSN Register:

- (a) EXL will be beneficially entitled to the Scheme Shares transferred to it under the Scheme;
- (b) each Scheme Participant:
 - (i) is deemed to have irrevocably appointed EXL as attorney and agent (and directed EXL in such capacity) to appoint an officer or agent nominated by EXL as their sole proxy and, where applicable, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolutions, whether in person, by proxy or by corporate representative; and
 - (ii) must take all other actions in the capacity of a registered holder of Scheme Shares as EXL reasonably directs.

10. ADDITIONAL INFORMATION

10.1 Relevant Interests in TSN held by TSN Directors

As at the Last Practicable Date, the TSN Directors held the following Relevant Interests in TSN securities.

Name	TSN Shares (1)*	TSN Options(2)
Ms Pauline Gately	11,830,881*	334,000
Mr Shane Gild	3,291,878	281,215
Mr James Hood	10,144,423	Nil
Mr Thomas Siebel	2,791,878	281,215

(1) *This consists of 7,360,406 TSN Shares which have not vested and will only vest on the Effective Date. If the Scheme does not become Effective before the End Date, Ms Pauline Gately has agreed to dispose of the TSN Shares as directed by TSN including by way of a buy-back for no consideration.*

(2) *Each TSN Director who holds TSN Options has signed an agreement with TSN agreeing to cancel their TSN Options for no consideration before the Implementation Date.*

10.2 Relevant Interests in EXL held by TSN Directors

As at the date of this Scheme Booklet, none of the TSN Directors hold any interests in any EXL securities.

No TSN Director acquired or disposed of a Relevant Interest in any securities in EXL in the four-month period ending on the date immediately prior to the date of this Scheme Booklet.

10.3 Relevant Interests of TSN in EXL

As at the date of this Scheme Booklet, TSN has no interests in EXL securities.

10.4 Payments or other benefits to TSN Directors, secretaries or executive officers

No payment or other benefit is proposed to be made or given to any TSN Director, secretary or executive officer of TSN or of any Related Body Corporate as compensation for loss of, or as consideration for or in connection with his or her retirement from, office as a TSN Director, secretary or executive officer of TSN or of a Related Body Corporate, as the case may be, as a result of the Scheme.

10.5 Agreements or arrangements with TSN Directors

Pauline Gately (currently the Interim Non-Executive Chair of TSN) has agreed to be appointed as a non-executive director of the EXL Board as soon as practicable after the implementation of the Scheme and has signed a Consent to Act as a Non-Executive Director of the Merged Group. For her appointment as a Non-Executive Director of EXL, Ms Gately will be entitled to a remuneration package of AU\$85,000 (inclusive of superannuation) as increased by EXL from time to time. Ms Gately's appointment to the

Board will require her to stand for re-election by shareholders at EXL's next Annual General Meeting following her appointment.

As announced by TSN on the ASX on 21 April 2023, the issue of 7,360,406 TSN Shares to Ms Pauline Gately reflects a discretionary bonus, with these shares being subject to a restriction agreement entered into by Ms Pauline Gately and TSN (**Restriction Agreement**). The Restriction Agreement confirms that the 7,360,406 TSN Shares are restricted and only vest upon the Scheme becoming Effective. If the Scheme does not become Effective before the End Date, Ms Pauline Gately has agreed to dispose of the TSN Shares as directed by the TSN Board including by way of a buy-back for no consideration.

Other than as noted in this Section, there are no agreements or arrangements made or proposed to be made between TSN and any TSN Director and any other person in connection with or conditional on, the outcome of the Scheme.

10.6 TSN Directors' interests in EXL contracts

Except as set out in this Section 10.6 or elsewhere in this Scheme Booklet, there is no agreement or arrangement made between any TSN Director and EXL in connection with or conditional on, the outcome of the Scheme.

10.7 Effect of Scheme on creditors

TSN has paid and is paying all its creditors and is trading in an ordinary commercial manner. The Scheme will not adversely affect the interests of TSN's creditors.

10.8 No unacceptable circumstances

The TSN Board does not consider that the Scheme involves any circumstances in relation to the affairs of TSN that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

10.9 ASX and ASIC regulatory relief

ASX has granted TSN a waiver from ASX Listing Rule 6.23.2 to the extent necessary to permit TSN to cancel the TSN Excluded Options and Performance Rights without obtaining shareholder approval.

ASIC has granted TSN conditional regulatory disclosure relief under sub-regulation 5.1.01(1) of the Corporations Regulations with respect to the requirement in clause 8302(h) of Part 3, Schedule 8 to the Corporations Regulations. This relief enables TSN to provide an update of its financial position from its financial report ending 30 June 2022, as detailed in Section 5.6 of this Scheme Booklet.

10.10 Other material information

Except as set out in this Scheme Booklet, there is no information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any TSN Director or director of any Related Bodies Corporate of TSN, at the time of lodging this Scheme Booklet with ASIC for registration, which has not previously been disclosed to TSN Shareholders.

10.11 Interests and Consents of advisers

(a) Interests of advisers

Other than as set out in this Section 10.11 or elsewhere in this Scheme Booklet, no person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet holds, or held at any time during the last two years before the date of this Scheme Booklet, any interest in:

- (i) the formation or promotion of TSN; or
- (ii) any property acquired or proposed to be acquired by TSN in connection with its formation or promotion or in connection with the Scheme.

Other than as set out in this Section 10.11 or elsewhere in this Scheme Booklet, no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to any of these persons for services rendered by them in connection with the preparation of this Scheme Booklet or in connection with the formation or promotion of TSN or in connection with the Scheme.

(b) Canaccord Genuity (Australia) Limited (Canaccord)

Canaccord, who was the corporate adviser to TSN at the Announcement Date through a related party CG Nominees Pty Ltd, held 2,000,000 TSN Shares as at the Announcement Date which upon the Scheme becoming effective will convert into 2,245,000 Elixinol Shares. As at the date of this Scheme Booklet, this shareholding represents approximately a 1.7% interest in the issued share capital of TSN.

TSN and Canaccord subsequently agreed to suspend the Canaccord mandate (dated 22 November 2022) with TSN, to enable Canaccord to assist Elixinol in the EXL Capital Raise. TSN considered the EXL Capital Raise to be in the best interests of both TSN and the Scheme as the EXL Capital Raise would enhance the financial position of Elixinol and, as a result, the Merged Group (on implementation of the Scheme). For this reason TSN consented to the suspension of the Canaccord mandate and for Canaccord to be appointed by Elixinol to assist in the EXL Capital Raise.

As part of the EXL Capital Raise, Canaccord received a cash commission from Elixinol (being 6% of the EXL Capital Raise) and Canaccord, on a principal account, also subscribed for 16,793,004 Elixinol Shares and received 3,000,000 Elixinol Shares in consideration for underwriting the SPP pursuant to the terms of the SPP. As at the date of this Scheme Booklet, a total of 19,793,004 Elixinol Shares are held by Canaccord, representing approximately a 4.3% interest in the issued share capital of Elixinol.

In total, on implementation of the Scheme:

- Canaccord will receive –
 - 2,245,000 Elixinol Shares as Scheme Consideration in relation to Canaccord's existing TSN Shareholding (referred to above); and
 - 9,036,068 Elixinol Shares in respect of Canaccord's entitlements under the Canaccord mandate with TSN; and
- Canaccord will be holding 19,793,004 Elixinol Shares, which Canaccord subscribed for under the EXL Capital Raise and received as an underwriting

fee for the EXL SPP, plus up to 20,768,004 Elixinol Options (as approved by Elixinol Shareholders at EXL's AGM and subscribed for by Canaccord).

This will result in Canaccord and its related entities on completion of the Scheme holding an interest of approximately 5.0% of the Merged Group.

(c) **TSN's other advisers and fees**

The following persons are named in this Scheme Booklet as performing a function in a professional or advisory capacity in connection with the Scheme and with the preparation of this Scheme Booklet on behalf of TSN:

- (i) **K&L Gates** - legal adviser and will be entitled to receive professional fees charged in accordance with their normal basis of charging.
- (ii) **RSM Australia Pty Ltd** - an Independent Expert who will provide an Independent Expert's Report, the fee for which is \$65,000 plus GST.

(d) **Total aggregate fees**

The total aggregate fees and disbursements (before GST) where the Scheme is implemented, are expected to be approximately \$983,766 as at the date of this document comprising of:

- (i) \$483,766 of transaction costs incurred by EXL; and
- (ii) \$510,000 of transaction costs incurred by TSN - reflecting:
 - an allowance of \$15,000 for disbursements (ASIC and Court);
 - \$20,000 for barrister fees;
 - \$10,000 for Link share registry services;
 - \$10,000 for tax advice;
 - \$65,000 IER fees;
 - balance TSN legal costs.

Additional fees (on hourly rates) and disbursements after the date of this document may be incurred. The total aggregate fees and disbursements incurred by TSN if the Scheme is not implemented for any reason, would be approximately \$510,000 plus GST. This amount does not include the Break Fee which may be payable in certain circumstances as outlined in Section 4.5 of this Scheme Booklet.

(e) **Consents and disclaimers**

- (i) The following parties have given, and have not withdrawn before the time of registration of this Scheme Booklet by ASIC, their consent to be named in this Scheme Booklet in the form and context in which they are named:
 - (A) K&L Gates as legal advisor to TSN;
 - (B) RSM Australia Pty Ltd as the Independent Expert and to the inclusion of the Independent Expert's Report set out in Annexure B;
 - (C) Link Market Services Limited as TSN's Share Registry; and
 - (D) Canaccord Genuity (Australia) Limited.
- (ii) Each person named in Section 10.11(e):

- (A) has not authorised or caused the issue of this Scheme Booklet;
 - (B) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than as specified in Section 10.11(e); and
 - (C) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that party as specified in Section 10.11(e).
- (iii) EXL has given, and has not withdrawn before the time of registration of this Scheme Booklet by ASIC, its consent to be named in this Scheme Booklet in the form and context in which it is named, on the basis set out in the Responsibility Statement of the Section entitled "Important Notices".

10.12 Supplementary information

If TSN becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration with ASIC:

- (a) a material statement in this Scheme Booklet is false or misleading;
- (b) a material omission from this Scheme Booklet;
- (c) a significant change affecting a matter in this Scheme Booklet; or
- (d) a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if known about at the date of lodgement with ASIC,

depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, TSN may circulate and publish a supplementary document in the manner it considers appropriate, which may include:

- (e) making an announcement to ASX;
- (f) placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- (g) despatching the supplementary document to TSN Shareholders at their registered address as shown in the TSN Register; or
- (h) including a statement online on TSN's website at *www.sustainablenutrition.com.au*.

11. GLOSSARY OF TERMS

A\$ or **\$** means the lawful currency for the time being of the Commonwealth of Australia;

AAS means the Australian Accounting Standards;

AASB means the Australian Accounting Standards Board;

AEST means Australian Eastern Standard Time;

Adviser means any person who is engaged to provide professional advice of any type (including legal, accounting, consulting or financial advice) to TSN or EXL (as applicable);

AGM means Annual General Meeting;

Announcement Date is 29 November 2022, being the date TSN announced entry into the Scheme Implementation Deed;

ASIC means the Australian Securities and Investments Commission;

Associate has the meaning given in section 9 of the Corporations Act;

ASX means ASX Limited ACN 008 624 691 and where the context requires, the Australian Securities Exchange financial market operated by it;

Bidder means EXL;

Bidder Break Fee is the actual third party costs incurred by TSN with respect to the Scheme and implementation of TSN's obligations under this deed (in recognition that TSN will incur substantially higher costs than the Bidder in implementation of the Scheme including but not limited to ASIC fees, adviser costs, Court fees, Independent Expert fees and the costs in seeking its own TSN Shareholder approval) but capped at \$271,000 (plus GST);

Break Fee means the Bidder Break Fee or the Target Break Fee (as applicable);

Business Day means a day that is not a Saturday, Sunday, public holiday or bank holiday in Melbourne, Victoria, Australia;

Canaccord means Canaccord Genuity (Australia) Limited;

Cancellation Option means 3,396,422 TSN Options;

CARES Act means the Coronavirus Aid, Relief and Economic Security Act of 2020 of the United States of America;

CBD means Cannabidiol, an active ingredient in cannabis that is derived from the hemp plant;

CEO means Chief Executive Officer;

CHES means the Clearing House Electronic Subregister System for the electronic transfer of securities, operated by ASX Settlement;

Competing Proposal has the meaning provided to that term in the Scheme Implementation Deed (attached as Annexure C);

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

Corporations Regulations means the Corporations Regulations 2001;

Court means the Federal Court of Australia;

Court Order means an order made by the Court pursuant to section 411(4)(b) of the Corporations Act approving the Scheme;

Deed Poll means the deed poll made by the Bidder in favour of Scheme Participants, a copy of which is reproduced in Annexure D (except for its annexures);

Effective or **Effect** means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme;

Effective Date means the date on which the Scheme becomes Effective;

Elixinol or EXL means Elixinol Wellness Limited ACN 621 479 794.

Elixinol Board means the board of directors of EXL;

Elixinol Constitution means the Constitution of EXL;

Elixinol Director Performance Rights means performance rights in Elixinol to be issued to certain Elixinol directors, subject to approval of the Elixinol Shareholders at its AGM to be held on 31 May 2023, on key terms including the following:

- (a) each Elixinol Director Performance Right converts to one Elixinol Share and one Elixinol Option;
- (b) 25% of issued Elixinol Director Performance Rights vest at the beginning of each quarter (on 15 August 2023, 15 November 2023, 15 February 2024 and 15 May 2024), subject to the holder of the relevant Elixinol Director Performance Right continuing to be employed by Elixinol, or continuing to act as a director of the Elixinol (as relevant), as at each vesting date;

Elixinol Historical Financial Information has the meaning given to that term in Section 6.6;

Elixinol Information means:

- (a) the responses to the questions set out under “Questions about EXL” in Section 2 (Questions and answers);
- (b) Section 6 (Overview of EXL);
- (c) Section 7 (Overview of the Merged Group), other than Sections 7.5(a) (TSN strategic reviews) and Section 7.10 (Combined Financial Information) to the extent it relates to financial information of TSN;
- (d) Section 8.3 (Specific risks relating to EXL);
- (e) Section 8.4 (General risks relating to EXL);
- (f) Section 8.5 (Risks specific to the Scheme and Merged Group), other than to the extent any statements were based on information provided by TSN;
- (g) Section 10.5 (Agreements or arrangements with TSN Directors) to the extent it relates to Pauline Gately's new employment arrangements with EXL;
- (h) Section 10.11(b) (Canaccord Genuity (Australia) Limited), other than to the extent any statements were based on information provided by TSN; and
- (i) Section 10.11(d)(i) (transaction costs incurred by EXL);

Elixinol Material Adverse Change has the meaning provided to “Bidder Material Adverse Change” in the Scheme Implementation Deed (attached as Annexure C);

Elixinol Option means an option to acquire an Elixinol Share;

Elixinol Performance Rights means performance rights in Elixinol, and includes the Elixinol Director Performance Rights;

Elixinol Prescribed Occurrence has the meaning provided to “Bidder Prescribed Occurrence” in the Scheme Implementation Deed (attached as Annexure C);

Elixinol Shareholder means a holder of at least one Elixinol Share;

Elixinol Shares means fully paid ordinary shares in the issued share capital of EXL;

Elixinol US means Elixinol LLC, a limited liability corporation incorporated in Colorado, USA;

Elixinol Warranties means the warranties provided by EXL in Schedule 1 of the Scheme Implementation Deed (attached as Annexure C);

End Date means nine months after the date of the Scheme Implementation Deed date or as may be agreed in writing between the EXL and TSN;

Excluded Options means 334,000 TSN Options;

Excluded Optionholder means the holder of the Excluded Options;

Exclusivity Period means the period from the Announcement Date to the earlier of:

- (a) the termination of the Scheme Implementation Deed; and
- (b) the End Date;

EXL Capital Raise means the EXL capital raise announced by EXL to the market on 5 April 2023;

EXL Group means EXL and its Subsidiaries;

Explanatory Statement means the explanatory statement for the purposes of section 412 of the Corporations Act, constituted by this Scheme Booklet;

Government Agency means any government or governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world, including ASIC, ASX, the Foreign Investment Review Board, Australian Competition and Consumer Commission and equivalent bodies in jurisdictions outside Australia;

Hemp Foods Australia means Elixinol Wellness (Byron Bay) Pty Ltd ACN 090 668 367 trading as Hemp Foods Australia, a wholly-owned subsidiary of EXL.

Implementation Date means the date which is five Business Days after the Scheme Record Date or such other date as ordered by the Court or agreed between TSN and EXL;

Independent Expert means RSM Australia Pty Ltd;

Independent Expert’s Report means the independent expert’s report prepared by the Independent Expert, a copy of which is reproduced in Annexure B;

Ineligible Foreign Shareholder means a TSN Shareholder whose address, as shown in the TSN Share Register (as at the Scheme Record Date), is in a place outside Australia,

unless EXL reasonably regards, that the laws of that place permit the offer and issue of New Elixinol Shares to that TSN Shareholder and it is not unduly onerous, expensive or impracticable for EXL to issue such New Elixinol Shares;

Ineligible Shareholder means an Ineligible Foreign Shareholder or an Unmarketable Parcel Shareholder;

IRS means the Internal Revenue Service of the USA;

KMP means key management personnel, being those persons having authority and responsibility for planning, directing and controlling the major activities of an entity, directly or indirectly, including all directors.

Last Practicable Date means 26 June 2023, being the last practicable date prior to the date of this Scheme Booklet;

Listing Rules means the official listing rules of ASX;

Merged Group means the combination of EXL and TSN following the implementation of the Scheme;

New Elixinol Shares means the Elixinol Shares to be issued under the Scheme as Scheme Consideration;

Notice or **Notice of Meeting** or **Notice of Scheme Meeting** means the notice of general meeting, a copy of which is contained in Annexure F;

NPAT means EXL Group net profit after tax;

Offer means the offer made under the Scheme;

Performance Rights Agreement means in respect of each TSN Employee Performance Right, an agreement between TSN and the holder of TSN Employee Performance Rights under which, subject to the Scheme becoming Effective, the TSN Employee Performance Rights held by the holder will vest, lapse or be cancelled;

Placement means the placement by EXL of \$1.25 million to new and existing institutional and sophisticated investors announced on the ASX on 5 April 2023;

Proxy Form means the proxy form for the Scheme Meeting enclosed with this Scheme Booklet;

Regulatory Authority means:

- (a) ASIC, ASX, and the Australian Competition and Consumer Commission;
- (c) a government or governmental, semi-governmental or judicial entity or authority;
- (d) a Minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (e) any regulatory (including self-regulatory) organisation established under statute;

Related Body Corporate or **Related Bodies Corporate** has the meaning given to those terms in section 50 of the Corporations Act;

Relevant Interest has the meaning given to that term in sections 608 and 609 of the Corporations Act;

Representatives means, in respect of a person, that person's directors, officers, employees, contractors and Advisers (including a director, officer or employee of that Adviser);

Sale Nominee means an independent entity holding an AFSL appointed by TSN and EXL to sell the New Elixinol Shares that are attributable to Ineligible Shareholders as part of their Scheme Consideration under the terms of the Scheme;

Scheme and **Scheme of Arrangement** means the scheme of arrangement to be established pursuant to the Scheme Implementation Deed under Part 5.1 of the Corporations Act between TSN and the TSN Shareholders in respect of all of the TSN Shares, a copy of which scheme of arrangement is set out in Annexure F, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act;

Scheme Booklet means this scheme booklet dated 28 June 2023, including the Annexures to it and the Proxy Forms for the Scheme Meetings;

Scheme Conditions means the conditions set out in clause 3 of the Scheme;

Scheme Consideration means the consideration to be provided to Scheme Participants for the transfer to EXL of their Scheme Shares (namely 1.1225 Elixinol Shares as consideration under the Scheme for the exchange of each Scheme Share), as set out in clause 4.2 of the Scheme Implementation Deed and as described in Sections 1.4, 2 and 9.3 of this Scheme Booklet;

Scheme Implementation Deed means the Scheme Implementation Deed 28 November 2022 (as amended from time to time) between EXL and TSN, a full copy of which is reproduced in Annexure C (except for its annexures);

Scheme Meeting means the meeting of TSN Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting;

Scheme Participant means each person registered in the TSN Register as the holder of Scheme Shares as at the Scheme Record Date;

Scheme Record Date means 7.00 pm on the date which is 2 Business Days after the Effective Date, or such other Business Day agreed by the Bidder and TSN;

Scheme Resolution means the resolution that TSN Shareholders are asked to vote on at the Scheme Meeting, as set out in the Notice of Scheme Meeting attached in Annexure F;

Scheme Shares means all of the TSN Shares on issue on the Scheme Record Date;

Second Court Date means the first day of hearing of an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing;

Share Purchase Plan or **SPP** means the EXL share purchase plan announced on the ASX on 5 April 2023, and details of which were contained in the share purchase plan offer document released to the ASX on 1 May 2023;

Share Sale Facility means the facility to be established by TSN and managed by the Sale Nominee under which the New Elixinol Shares which otherwise would be received by Ineligible Foreign Shareholders will be sold in accordance with the Scheme and the

agreement to be entered into between TSN and the Sale Nominee in relation to the Share Sale Facility;

Share Sale Facility Proceeds means the net cash proceeds from the sale of the New Elixinol Shares sold through the Share Sale Facility, after deducting brokerage and other costs of sale and any taxes which may be required to be withheld under applicable laws;

SKU means stock keeping unit, and is a number used by retailers to differentiate products and track inventory levels;

Subsidiary has the meaning given to that term in section 46 of the Corporations Act;

Superior Proposal means a bona fide unsolicited written Competing Proposal received by TSN (and not received as a result of a breach by TSN of its obligations under clause 11 of the Scheme Implementation Deed) that the TSN Board considers, acting in good faith and in order to satisfy what the TSN Board considers to be its fiduciary and statutory duties (after having obtained written advice from the Target's legal adviser and financial advisers):

- (a) is reasonably capable of being completed in accordance with its terms; and
- (b) would, if completed substantially in accordance with its terms, result in a transaction that is more favourable to TSN Shareholders than the Scheme,

taking into account all material terms and conditions of the Competing Proposal (including consideration, conditionality, funding, certainty and timing) and the identity of the person making it;

Target Break Fee means an amount being the actual third party costs incurred by the Bidder with respect to the Scheme and implementation of the Bidder's obligations under the Scheme Implementation Deed but capped at \$200,000 (plus GST);

TSN or the **Company** means The Sustainable Nutrition Group Ltd ACN 071 666 334;

TSN Board or **TSN Directors** means the board of directors of TSN;

TSN Employee Performance Rights means 420,000 performance rights;

TSN Group means the Company and its wholly-owned Subsidiaries;

TSN Information means the information in this Scheme Booklet other than the Elixinol Information and the Independent Expert's Report;

TSN Material Adverse Change has the meaning provided to "Target Material Adverse Change" in the Scheme Implementation Deed (attached as Annexure C);

TSN Option means an option to acquire a TSN Share and as detailed in Section 5.7(e) of this Scheme Booklet;

TSN Optionholder means a holder of a TSN Option;

TSN Prescribed Occurrence has the meaning provided to "Target Prescribed Occurrence" in the Scheme Implementation Deed (attached as Annexure C);

TSN Register means the register of members of TSN maintained in accordance with the Corporations Act;

TSN Share means a fully paid ordinary share in the capital of TSN;

TSN Share Registry means Link Market Services Limited ABN 54 083 214 537;

TSN Shareholder means each person registered as a holder of at least one TSN Share in the TSN Register;

TSN Warranties means the warranties provided by TSN in Schedule 2 of the Scheme Implementation Deed (attached as Annexure C);

Unmarketable Parcel Shareholder means a Scheme Participant (other than an Ineligible Foreign Shareholder) who, on the Scheme Record Date, holds less than a marketable parcel (as that term is defined in the ASX Listing Rules) of TSN Shares (assessed using the price of TSN Shares on ASX at close of trade on the Effective Date);

US or **USA** means the United States of America; and

US Securities Act means the Securities Act of 1933 of the United States of America.

Annexure A – Taxation Implications of the Scheme

The following is a general summary of the Australian Income Tax and Goods and Services Tax (**GST**) consequences for The Sustainable Nutrition Group Ltd ACN 071 666 334 (**TSN**) Shareholders upon the implementation of the Scheme.

The summary is based upon the law in effect at the date of this Scheme Booklet. It is not intended to be an authoritative or complete statement of the income tax or GST laws applicable to the particular circumstances of every TSN Shareholder.

The information provided below is not applicable to all TSN Shareholders.

This tax summary applies to Australian tax resident and non-resident shareholders who, as at the Scheme Record Date, hold their shares on capital account. This summary will not apply to TSN Shareholders who:

- hold their TSN Shares as trading stock or on revenue account;
- may be subject to special tax rules, such as banks, insurance companies, tax exempt organisations, dealers in securities;
- change their tax residency while holding TSN interests;
- are subject to the takeover and restructure provisions of section 83A-130 of the *Income Tax Assessment Act 1997 (Cth.) (ITAA 1997)*;
- have a functional currency for Australian tax purposes other than an Australian functional currency; or
- are subject to the taxation of financial arrangements rules in Division 230 of the ITAA 1997 in relation to gains and losses on their TSN Shares.

TSN will **not** apply to the Australian Taxation Office for a Class Ruling in relation to the transaction described in the Scheme Booklet. The following summary sets out the likely taxation consequences for affected parties, however it does not constitute binding advice. All affected parties including those currently holding Shares in TSN should obtain their own taxation advice.

Australian tax resident TSN Shareholders

Disposal of TSN Shares

The disposal of TSN Shares by a TSN Shareholder will trigger Capital Gains Tax (**CGT**) Event A1.

The CGT Event should occur when the change of ownership of the TSN Shares occurs, which, under the Scheme, will occur on the Implementation Date.

Broadly, a TSN Shareholder will:

- make a "capital gain" if the capital proceeds from the disposal of their TSN Shares exceeds the cost base of their TSN Shares (subject to CGT scrip for scrip roll-over relief, discussed below); or
- make a "capital loss" if the capital proceeds from the disposal of their TSN Shares are less than the reduced cost base of their TSN Shares.

Subject to the availability of CGT roll-over relief (discussed below), a TSN Shareholder who makes a capital gain on the disposal of their TSN Shares will be required to include in their assessable income any "net capital gain" after the application of capital losses (if any) and the CGT discount (if available, see below).

A capital loss realised on the disposal of the TSN Shares may be used to offset other capital gains derived by a TSN Shareholder in the income year in which the capital loss is realised, or may be carried forward to offset capital gains derived by the shareholder in future income years. Specific capital loss recoupment rules apply to companies to deny their ability to utilise capital losses in future years in some circumstances. TSN Shareholders should obtain their own tax advice in relation to the operation of these rules.

Capital proceeds

The "capital proceeds" for the CGT Event for the disposal of TSN Shares will be equal to the Scheme Consideration received by each TSN Shareholder in respect of the disposal of their TSN Shares on the Implementation Date.

In working out the amount that should be included in the capital proceeds for the CGT Event, the market value of the new Elixinol Wellness Ltd (**EXL**) Shares should be determined at the Implementation Date.

Cost base

The cost base of a TSN Share will generally be the cost of acquiring the Share, plus incidental costs associated with both the acquisition and disposal of the interest.

The reduced cost base of a TSN Share will generally be the cost of acquiring the share and/or plus incidental costs incurred in respect of both the acquisition and disposal of the interest.

CGT discount concession

A TSN Shareholder who has beneficially owned their TSN Shares for more than 12 months prior to the Implementation Date and who is an individual, a trust or a complying superannuation fund may be entitled to reduce their capital gain by a discount percentage.

For TSN Shareholders that are individuals or trusts, the discount percentage is 50%. For TSN Shareholders that are complying superannuation funds, the discount percentage is 33.33%.

The CGT discount concession:

- does not apply to companies;
- is only applied after available capital losses have been applied to reduce any capital gain.

The rules described above relating to discount capital gains and trusts are complex. Trustees should seek their own advice as to how the discount capital gains provisions apply to them and their beneficiaries, having regard to their own particular circumstances.

CGT scrip for scrip roll-over relief

TSN makes no representation that a TSN Shareholders will be entitled to any scrip for scrip roll-over relief (as no application for a tax ruling has been applied for by TSN).

Generally an Australian resident TSN Shareholder who disposes of their TSN Shares in exchange for new EXL Shares and who would otherwise make a capital gain in respect of the disposal, may choose to obtain CGT scrip for scrip roll-over relief under subdivision 124-M of the ITAA 1997 (**scrip for scrip roll-over relief**). Roll-over is not available if a TSN Shareholder realises a capital loss on the disposal of their TSN Shares.

If, and to the extent that, scrip for scrip roll-over relief is available and chosen by a TSN Shareholder, the capital gain that would otherwise arise will be disregarded.

EXL will not make a choice under section 124-795(4) of the ITAA 1997 to deny TSN Shareholders obtaining scrip for scrip roll-over relief.

If scrip for scrip roll-over relief is available and a TSN Shareholder elects to apply roll-over relief, then:

- a capital gain that the TSN Shareholder makes from the disposal of their TSN Shares under the Scheme should be disregarded and deferred until a subsequent taxable event occurs in respect of the new EXL Shares; and
- for the purpose of determining the CGT cost base and reduced cost base of the new EXL Shares, the sum of the CGT cost base and reduced cost base of the TSN Shareholder's TSN Shares will be attributed to the new EXL Shares issued to the TSN Shareholder.

In these circumstances, the TSN Shareholder should be taken to have acquired the new EXL Shares under the Scheme:

- for general CGT purposes, on the Implementation Date; and
- for the purposes of applying the CGT discount to any future dealings in the new EXL Shares, on the date they originally acquired their relevant TSN Shares.

If the TSN Shareholder wishes to apply for CGT roll-over relief, they must do so by the day they lodge their income tax return for the income year in which the Implementation Date occurs. This choice can be evidenced by excluding the disregarded capital gain from assessable income in the TSN Shareholder's income tax return. There is no need to lodge a separate notice with the ATO.

Where scrip for scrip roll-over is not chosen or available

Where a TSN Shareholder is not eligible for, or does not choose CGT roll-over relief:

- any capital gain or capital loss made by the TSN Shareholder from the disposal of their TSN Shares will be taken into account in calculating the holder's "net capital gain" (see above) for the income year in which the Implementation Date occurs; and
- the first element of the cost base and reduced cost base of each new EXL Share that the TSN Shareholder receives should be equal to the market value of the TSN Shares disposed on the date the new EXL Shares are issued.

Non-Australian tax resident TSN Shareholders

On the basis that less than 50% of the market value of TSN's assets is attributable to direct or indirect interests in "taxable Australian real property" (as defined in the income tax legislation), a TSN Shareholder who:

- is a foreign resident, or the trustee of a foreign trust for CGT purposes; and
- has not used their TSN Shares at any time in carrying on a business through a permanent establishment in Australia,

should generally be able to disregard any Australian capital gain or loss otherwise arising as a result of the disposal of the TSN Shares.

A non-resident individual TSN Shareholder who has previously been an Australian tax resident and chose to disregard a capital gain or loss in respect of their TSN Shares on ceasing to be an Australian tax resident may be subject to Australian CGT consequences on disposal of their TSN Shares.

TSN Shareholders who are non-Australian tax residents should seek their own independent tax advice as to the tax implications of the Scheme, including tax implications in their country of residence.

Foreign Resident Capital Gains Withholding

On the basis that less than 50% of the market value of TSN's assets are and will be on the Implementation Date, attributable to direct and indirect interests in "taxable Australian real property" (as defined in the income tax legislation), the foreign resident capital gains withholding regime should not apply to EXL's acquisition of TSN Shares from a TSN Shareholder, and accordingly, EXL should not be required to withhold any amount from the Scheme Consideration on account of such withholding.

GST

There should be no GST payable in respect of the sale of TSN Shares under the Scheme.

Where a TSN Shareholder is not registered or required to be registered for GST, the sale will be outside the scope of the GST. Otherwise, the sale of the TSN Shares will be an input taxed financial supply. Where this is the case, TSN Shareholders should obtain independent advice in relation to whether there is an ability to claim any input tax credits for the costs (such as legal or professional fees) associated with the Scheme.

Stamp Duty

No stamp duty should be payable by TSN Shareholders on the disposal of TSN Shares or the acquisition of new EXL Shares under the Scheme.

Annexure B – Independent Expert’s Report



THE SUSTAINABLE NUTRITION GROUP LTD

Financial Services Guide and Independent Expert's Report

June 2023

FINANCIAL SERVICES GUIDE

Overview

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 (“RSM Corporate Australia Pty Ltd” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination. If a complaint is received in advance of a shareholder meeting or other key date where shareholders or investors may be making decisions which are influenced by our report, we will make all reasonable efforts to respond to complaints prior to that date.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("AFCA"). AFCA is an independent dispute resolution scheme that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au. You may contact AFCA directly by email, telephone or in writing at the address set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll Free: 1800 931 678
Email: info@afca.org.au

Time limits may apply to make a complaint to AFCA, so you should act promptly or consult the AFCA website to determine if or when the time limit relevant to your circumstances expires.

Contact details

You may contact us using the details set out at the top of our letterhead on page 4 of this report.

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22 June 2023

Shareholders

The Sustainable Nutrition Group Ltd
Level 4, 96-100 Albert Road
South Melbourne, VIC 3205

Dear Shareholders,

INDEPENDENT EXPERT'S REPORT ("REPORT")

1. Introduction

- 1.1 On 29 November 2022, The Sustainable Nutrition Group Ltd ("TSN" or "the Company") announced that it had entered into a Scheme Implementation Deed ("SID") with Elixinol Wellness Ltd ("EXL" or "Elixinol") in relation to a proposal by EXL to acquire TSN via a scheme of arrangement relating to the issued fully paid shares of the Company ("the Scheme").
- 1.2 Additionally, and separate to the Scheme, TSN also announced on 29 November 2022 that it had entered into a loan agreement with EXL, whereby EXL would provide loan funding of up to \$2.0m to TSN's operating subsidiary, The Sustainable Nutrition Group (Australia) Pty Ltd. The secured 12-month loan was disclosed as being on arm's length terms, with an interest rate of 11.51% per annum.
- 1.3 On 20 June 2023, EXL announced that it had agreed to increase the maximum loan facility amount from \$2.0m to \$2.4m to cover the additional working capital requirements of TSN. The other terms of the loan agreement remain consistent with the original terms as summarised above.
- 1.4 As at 22 June 2023, the loan was drawn down to \$2.0m. The proceeds of the loan must be used to extinguish an existing line of credit with a non-bank institution, to cover the costs, fees and expenses to undertake the Scheme as well as fund working capital requirements in the period prior to the Scheme becoming effective. If the Scheme does not complete, the loan is repayable in full within 12 months.
- 1.5 On 5 April 2023, TSN announced that pursuant to the terms of the SID, the Company had given consent to EXL to undertake a share placement ("Placement") and a Share Purchase Plan ("SPP") on the basis that an injection of capital would strengthen EXL's financial position. On the same date, EXL announced that it had secured commitments for the \$1.25m Placement from new and existing institutional and sophisticated investors and would also undertake a Share Purchase Plan ("SPP") to make the offer available on the same terms to existing EXL shareholders.

THE POWER OF BEING UNDERSTOOD

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RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN82 050 508 024 Australian Financial Services Licence No. 255847

-
- 1.6 On 21 April 2023, EXL provided an update confirming that TSN had agreed to give certain consents and/or waivers and to amend the SID under a Deed of Variation to reflect certain changes, primarily comprising:
- an adjustment to the diluted capital figures referred to in EXL's representation and warranty regarding the number of EXL shares that will be on issue as at the Second Court Date, to take into account the Placement and SPP announced on 5 April 2023, and other issues or proposed issues of EXL shares including:
 - the payment of certain short-term incentive and long-term incentive payments and issues of performance rights to certain officers and employees of EXL, some of which are also subject to shareholder approval to be sought at EXL's Annual General Meeting (AGM) to be held on 31 May 2023; and
 - the issue of certain performance share rights to directors of EXL in lieu of cash remuneration (also subject to shareholder approval at the AGM); and
 - an adjustment to the diluted capital figures referred to in TSN's representation and warranty regarding the number of TSN Shares that will be on issue at the Second Court Date, to take account of issues of securities as approved at TSN's AGM held on 15 March 2023; including:
 - certain issues of securities to directors of TSN in lieu of accrued remuneration; and
 - an issue of shares to Pauline Gately to reflect a discretionary bonus, with such shares being restricted until the Scheme becomes effective.
- 1.7 On 17 May 2023, TSN and EXL announced that the parties had agreed to amend the SID under a Deed of Variation to reflect that given the passing of time since first entering into the SID and in reviewing the timetable, TSN and EXL have agreed not to proceed with the option scheme that was originally contemplated as part of the SID (being the proposed acquisition of 11,750,008 TSN Options) ("Option Scheme"), on the basis that the related options expire on 31 July 2023.
- 1.8 Under the terms of the Scheme, TSN Shareholders ("Shareholders"), other than Ineligible Shareholders (being Ineligible Foreign Shareholders or Shareholders owning an Unmarketable Parcel), will receive 1.1225 EXL Shares ("Consideration Shares") for every fully paid TSN Share they hold.
- 1.9 EXL will issue the Consideration Shares that would otherwise have been issued to Ineligible Shareholders as Scheme Consideration to a Sale Nominee appointed by TSN and TSN must procure that the Sale Nominee sells the Consideration Shares that are attributable to Ineligible Shareholders with funds then distributed to Ineligible Shareholders.
- 1.10 If the Scheme is implemented, TSN will become wholly owned by EXL ("the Merged Group"). TSN and EXL have executed the SID to give effect to the Scheme if all conditions precedent are satisfied.
- 1.11 The Scheme is subject to the Court convening a meeting of Shareholders where they will consider a resolution seeking approval of the Scheme. The Scheme Meeting is to be held in or around August 2023 and, under the Act, the resolution will be approved by Shareholders if the resolution is passed by a majority of Shareholders present (in person or by proxy) and voting at the Scheme Meeting, and by at least 75% of the votes cast on the resolution.
- 1.12 If this occurs, a second Court hearing will be held to approve the Scheme which, if approved, will become binding on all Shareholders who hold TSN shares as at the Scheme record date, irrespective of whether or not they voted for the Scheme, and EXL will acquire 100% of TSN's shares held by Shareholders in accordance with the terms of the Scheme.
- 1.13 The Directors of TSN have requested RSM Corporate Australia Pty Ltd ("RSM"), being independent and qualified for the purpose, to express an opinion as to whether the Scheme is in the best interests of Shareholders.
- 1.14 Accordingly, we have prepared this Report for the purpose of stating, in our opinion whether or not the Scheme, and as such the offer under the Scheme is in the best interests of Shareholders and to set out the reasons for this opinion. Our Report is to be included in the Scheme Booklet and Notice of Meeting to be sent to Shareholders in respect of the Scheme Meetings.

1.15 This Report represents general financial product advice only and has been prepared without taking into consideration the individual circumstances of Shareholders. The ultimate decision whether to approve the Scheme should be based on Shareholders' assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. Shareholders should read and have regard to the contents of the Scheme Booklet and Notice of Meeting which have been prepared by the Directors and Management of TSN. Shareholders who are in doubt as to the action they should take with regard to the Scheme and the matters dealt with in this Report, should seek independent professional advice.

2. Summary and Conclusion

Opinion

2.1 In the absence of any other relevant information and/or a superior proposal, RSM considers the Scheme to be **not fair but reasonable** to Shareholders. Whilst the assessed Fair Value of the consideration per TSN Share under the Scheme is not equal to or greater than the assessed value of a TSN Share Prior to the Scheme, we consider that there are sufficient reasons for Shareholders to vote in favour of the Scheme in the absence of a higher offer.

2.2 Consequently, we consider that the Scheme is **in the best interests of Shareholders**. A summary of our reasons and the approach we have taken in assessing our opinion is set out in this Section of our Report.

Approach

2.3 In assessing whether the Scheme is "in the best interests" of Shareholders, we have considered Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111 – Content of Expert Reports ("RG 111"), which provides specific guidance as to how an expert is to appraise a Scheme of Arrangement.

2.4 Schemes of Arrangement can be used as an alternative to a takeover bid under Chapter 6 of the Act to achieve substantially the same outcome. In these circumstances, RG 111 suggests that the form of analysis to be undertaken by the expert should be substantially the same as for a takeover bid.

2.5 In effect, the Scheme represents a takeover offer for TSN via an offer of 1.1225 EXL Shares for every TSN Share. Therefore, consistent with the guidance set out in RG 111, in assessing whether or not we consider the Scheme to be "in the best interests" of Shareholders, we have considered whether the Scheme is "fair" to Shareholders by assessing and comparing:

- the Fair Value of a Share in TSN on a controlling basis prior to the Scheme; with
- the Fair Value of the consideration offered per TSN Share on a non-controlling basis immediately after the Scheme; and
- considered whether the Scheme is "reasonable" to Shareholders by undertaking an analysis of the other factors relating to the Scheme which are likely to be relevant to Shareholders, in their decision of whether or not, to approve the Scheme.

2.6 Further information on the approach we have employed in assessing whether the Scheme is in "the best interests" of Shareholders is set out at Section 3 of this Report.

Is the Scheme Fair to Shareholders?

2.7 In assessing whether we consider the Scheme to be fair to Shareholders, we have valued a TSN Share prior to the implementation of the Scheme and compared this value to the value of the consideration offered per TSN Share, immediately after the Scheme, to determine whether a Shareholder would be better or worse off should the Scheme be approved. The consideration offered represents the Fair Value of the equivalent ownership interest per TSN Share in the Merged Group.

2.8 Our assessment is set out in the table below.

	Low	High	Preferred
Fair Value per TSN Share prior to the Scheme (controlling basis)	\$0.0201	\$0.0201	\$0.0201
Fair Value of the Scheme Consideration (non-controlling basis)	\$0.0151	\$0.0157	\$0.0154

Source: RSM analysis

Table 1: Assessed Fair Value of a TSN Share prior to the Scheme and the Scheme Consideration

2.9 The above comparison for the Scheme is depicted graphically in the figure below.

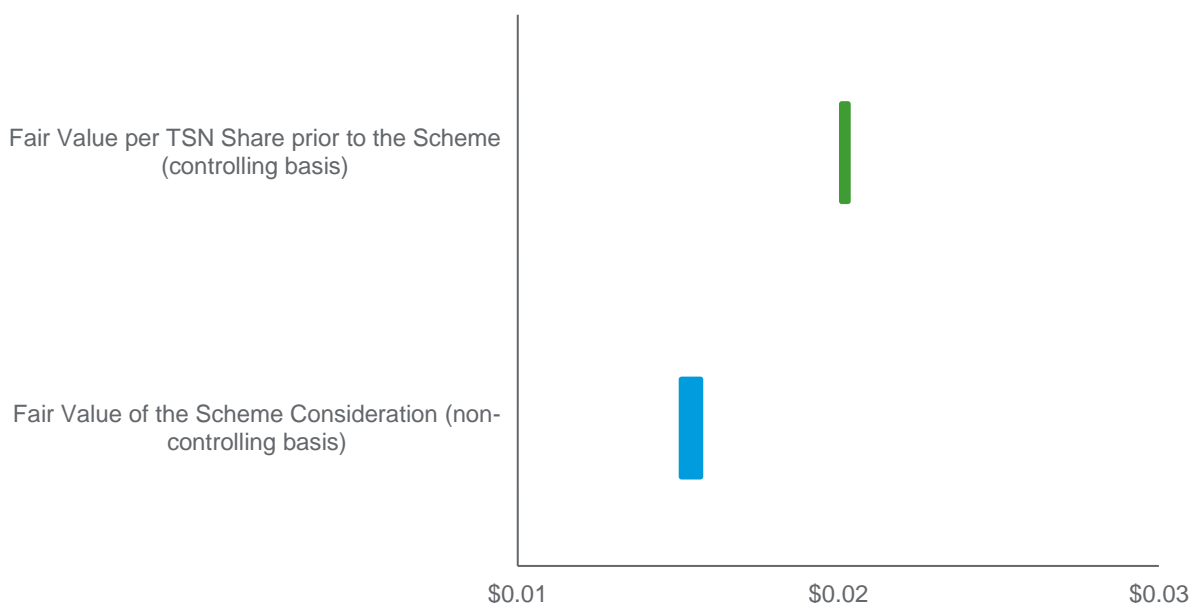


Figure 1: Assessed Fair Value of a TSN Share prior to the Scheme and the Scheme Consideration (Source: RSM Analysis)

2.10 We note that our assessed value of a TSN Share prior to the Scheme has been expressed as a single point value, rather than a range. This has arisen as a result of us only being able to assess the Fair Value of a TSN Share using a single valuation methodology, being the Net Assets on a Going Concern Methodology.

2.11 We have solely utilised the Net Assets on a Going Concern Methodology in our valuation of TSN as we were unable to use other methods comprising an income based method (as we considered that there were no reasonable grounds to include forward looking forecast information for TSN) and the quoted market price of listed securities (due to the timing of the suspension of TSN’s shares from trading for several months prior to the announcement of the Scheme and for over a month after the announcement of the Scheme). Accordingly, we were unable to provide a cross check to our primary valuation methodology. There is a risk that the Net Assets basis does not take into account any upside related to Shareholders’ assessment of the future earning potential of TSN.

2.12 Notwithstanding the above, we have had regard to TSN’s traded share price post the recommencement of trading the Company’s Shares, and note that whilst the share price (which may also include the market’s response to the announcement of the Scheme) was initially in the range of circa \$0.02 (consistent with the assessed Fair Value on a Net Assets on a Going Concern basis if a control premium was included), the Company’s share price has since fallen, with a share price at the date of this Report of \$0.008. We consider the decline in TSN’s share price to reflect the going concern issues of the Company in the absence of further successful fundraising activities or the successful completion of the Scheme.

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- 2.13 As set out in Table 1, as the Fair Value of the consideration offered per TSN Share immediately after the Scheme is less than the Fair Value of a TSN Share prior to the Scheme, and in the absence of any other relevant information, in our opinion, the Scheme is **not fair** to Shareholders.
- 2.14 Shareholders should also be aware that our assessment of the value per EXL Share post the Scheme does not necessarily reflect the price at which EXL Shares will trade if the Scheme is completed. The price at which EXL Shares will ultimately trade at depends on a range of factors including the liquidity of EXL Shares, macroeconomic conditions, the underlying performance of the EXL business and the supply and demand for EXL shares.

Consideration of Reasonableness of the Scheme

- 2.15 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of a higher bid. Section 12 of this Report sets out our consideration of other factors relating to the implementation of the Scheme which are likely to be relevant to the decision of Shareholders as to whether or not to approve the Scheme. We set out a summary of these factors below.

Future Prospects of TSN if the Scheme is not approved

- 2.16 In the event the Scheme is not approved, TSN will continue to operate and trade as a listed company and continue to pursue its current strategy of development of its current products and its e-commerce retail operations.
- 2.17 However, as the Company is currently loss making, the Company will likely need further working capital funding to continue to operate in the short to medium term and further strategic options to raise capital or to cut costs may be pursued by the Directors of TSN. Options being considered by the Directors of TSN include:
- pursuing alternative financing through a Convertible Note or other financing instrument;
 - divestment of a division of the Company;
 - liquidation of excess hemp inventory (at close to cost) rather than retaining for in house use through to the next harvest in June 2024; and
 - reduction in operating costs by potentially combining operations with a smaller entity.
- 2.18 If the Scheme is not approved, the Board of Directors may pursue a number of the above strategies, or alternative strategies may be pursued as they arise, if the Board considers that they present better value to Shareholders.

Advantages of approving the Scheme

2.19 TSN's Directors have unanimously recommended that Shareholders vote in favour of the Scheme in the absence of a Superior Proposal (as defined in the Scheme Booklet).

2.20 The key advantages of the Scheme are:

Advantage	Details
Internalisation of loan facility and access to further funding	<p>Separate to the Scheme, EXL has provided a loan of up to \$2.4m to the Company (of which \$2.0m was drawn down as of 22 June 2023). Completion of the Scheme will result in this loan being an internal intra-group entity loan.</p> <p>In the absence of the completion of the Scheme, TSN will be required to repay this loan to EXL and will likely need to seek alternative sources of funds to make this repayment.</p> <p>Furthermore, as at 30 April 2023, EXL disclosed cash and cash equivalents of \$2.6m, and subsequently, raised \$1.0m (before costs) under the SPP. Therefore, EXL has further funds available to fund ongoing working capital of the Merged Group for the short to medium term.</p>
Diversification	The Scheme will expose Shareholders to a more diversified larger entity. Whilst EXL has products that are similar to and complementary to TSN's, EXL has a larger global footprint.
Expected synergies	<p>As a result of the larger size of the Merged Group, the Merged Group is expected to benefit from a number of synergies through a combination of:</p> <ul style="list-style-type: none"> ▪ optimisation of the supply chain in Australia with a contract grower network in Australia; ▪ increase in the overall number of brands and unique products being sold; ▪ sharing of new product and IP development costs to drive cost efficiencies; ▪ expansion of the overall distribution network, with opportunities to cross-sell; and ▪ increase in size and scale to achieve economies of scale through rationalisation of operations.
Access to capital	The Merged Group will form a larger listed entity with pooled assets from which to fund future opportunities, and there may be greater investor appetite to provide future equity funding to a larger listed entity.

Table 2: Advantages of approving the Scheme

Disadvantages of approving the Scheme

2.21 The key disadvantages of the Scheme are:

Disadvantage	Details
The Scheme is not fair	The Scheme is not fair to Shareholders.
Dilutionary impact	Shareholders will, collectively, have a diluted ownership of 25.7% in the Merged Group (assuming \$1m is raised under the EXL SPP and before the exercise of options or performance rights on issue immediately after the Scheme). This will reduce Shareholders' ability to influence decisions such as the composition of the Board and the acquisition and disposal of assets.

Disadvantage	Details
Change in risk profile	<p>Following completion of the Scheme, there will be a change in the risk profile of the Shares held by Shareholders with the Merged Group having global operations.</p> <p>This change in risk profile may not meet some Shareholders' investment strategies.</p>
Ineligible Shareholders will not receive shares	<p>Should the Scheme be implemented, Ineligible Foreign Shareholders and Relevant Unmarketable Parcel Shareholders will lose their interest in TSN and not receive shares in the Merged Group. The EXL Shares, to which the Ineligible Foreign Shareholders and Relevant Unmarketable Parcel Shareholders would otherwise have been entitled, will be issued to and sold by a sale agent, with the Net Sale Proceeds distributed to those shareholders, notwithstanding that those shareholders may have wished to retain an interest in the Merged Group.</p>

Table 3: Disadvantages of approving the Scheme

The extent to which a control premium is being paid

- 2.22 Our assessment of the Fair Value of the consideration offered per TSN Share is \$0.0154 at the preferred value. This value represents a discount of 23.4% compared to our assessment of the Fair Value of a TSN Share (controlling basis) prior to the Scheme of \$0.0201.
- 2.23 Our assessment of the Fair Value of a TSN Share (controlling basis) prior to the Scheme of \$0.0201 equates to a Fair Value on a non-controlling basis, after applying a discount for minority interest of 16.7% to 20.0% as discussed in paragraph 10.6, of \$0.0161 to \$0.0167 per TSN Share. Our assessed Fair Value of the consideration offered per TSN Share (non-controlling basis), therefore, represents a discount of 6.2%, 6.0% and 6.1% at the low, high and preferred value, respectively, compared to the assessed Fair Value of a TSN Share prior to the Scheme on a non-control basis.
- 2.24 Therefore, we do not consider that TSN Shareholders are realising any premium as part of the Scheme. Following the implementation of the Scheme, Shareholders may be able to realise a control premium in the future in the event that the Merged Group is acquired, noting that there is no current expectation or future guarantee that this will happen.

The price of TSN's shares after the announcement of the Scheme

- 2.25 The Scheme was announced to the ASX on 29 November 2022. TSN Shares were suspended from trading since 18 May 2022 and recommenced trading on 6 January 2023. Given the timing between the announcement of the Scheme and the recommencement of trading, we have not been able to directly observe the market's reaction immediately prior to and following the announcement of the Scheme.

Alternative proposals and likelihood of an alternative takeover offer

- 2.26 The Directors have advised us that no formal alternative offers or approaches by potential acquirers have been received prior to the announcement of the Scheme on 29 November 2022.
- 2.27 The alternative to the Scheme is for Shareholders to vote against the Scheme in the hope that they can realise greater value from their investment in TSN either through maintaining TSN as an independent company or through the emergence of a Superior Proposal to the Scheme. Whilst there is no evidence to suggest that Shareholders would be better off under this alternative, it is possible that an alternative offer may emerge prior to the Scheme Meetings. However, since the announcement of the Scheme on 29 November 2022, we understand that no Superior Proposals have been put forward as at the date of this Report.

Liquidity

- 2.28 TSN shares were suspended from trading from 18 May 2022 to 5 January 2023, and recommenced trading on 6 January 2023. Prior to 18 May 2022, the liquidity of TSN's shares was low. However, the liquidity of TSN shares have increased relative to observed volumes prior to the suspension of trading.
- 2.29 The Scheme provides Shareholders with an ability to convert their investment in TSN to an investment in EXL. EXL Shares have demonstrated a moderately low level of historical liquidity, albeit at greater volumes than TSN. Whilst the increased size and shareholder base may result in increased interest and liquidity for the Merged Group, Shareholders should be aware that increased liquidity is not guaranteed.

Conclusion

- 2.30 In the absence of any other relevant information and/or a superior proposal, RSM considers the Scheme to be **reasonable** to Shareholders. Whilst the assessed Fair Value of the consideration per TSN Share under the Scheme is not equal to or greater than the assessed value of a TSN Share prior to the Scheme, we consider that there are sufficient reasons for Shareholders to vote in favour of the Scheme in the absence of a higher offer.
- 2.31 Consequently, we consider that the Scheme is **in the best interests of Shareholders**.

3. Scope of the Report

Purpose of this Report

- 3.1 The Directors of TSN have requested RSM, being independent and qualified for the purpose, to express an opinion as to whether the Scheme is in the best interests of Shareholders.

Regulatory guidance

- 3.2 It is relevant to note that the expression "in the best interests" is not defined within either the Act or the Regulations. Therefore, in determining whether the Scheme is in the best interests of Shareholders, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.
- 3.3 RG 111 prescribes that a key matter that an expert needs to consider when determining the appropriate form of analysis is whether or not the effect of the transactions is comparable to a takeover bid and is therefore representative of a change of control transaction. Where a Scheme would achieve substantially the same outcome as a takeover bid, RG 111 aligns "in the best interests" with the "fair and reasonable" test. While RG 111 does not define "fair and reasonable" it does provide some guidance as to how the terms should be interpreted in a range of circumstances. With respect to a takeover bid RG 111 applies the "fair and reasonable" test as two distinct criteria, stating:
- a takeover offer is considered "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer; and
 - a takeover offer is considered "reasonable" if it is fair or, where the offer is "not fair", it may still be "reasonable" if the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.
- 3.4 RG 111 contends that if an expert was to conclude that a Scheme is "fair and reasonable" if it was in the form of a takeover bid, it will also be able to conclude that the scheme is in the best interests of the members of the company.

Adopted basis of evaluation

- 3.5 In effect, the Scheme essentially represents a scrip for scrip offer by EXL for 100% of the Shares in TSN held by Shareholders. Therefore, consistent with the guidance set out in RG 111 as summarised above, in assessing

whether or not we consider the Scheme to be in “the best interests” of Shareholders we have considered whether the Scheme is “fair” by assessing and comparing:

- the Fair Value of a TSN Share on a controlling basis prior to the Scheme; with
- the Fair Value of the consideration offered per TSN Share on a non-controlling basis immediately after the Scheme.

3.6 On this basis, if the Fair Value of the consideration offered per TSN Share immediately after the Scheme is equal to or greater than the Fair Value of a TSN Share prior to the Scheme, in our opinion, the Scheme would be “fair” and, as such, in the best interests of Shareholders.

3.7 Our assessment of the Fair Value of a TSN Share has been prepared on a basis which is consistent with the following definition of Fair Value:

“the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction”.

3.8 In assessing whether the Scheme is in the "best interests" of Shareholders, in addition to considering whether or not the Scheme is "fair" to Shareholders, we have also considered whether the Scheme is "reasonable" by undertaking an analysis of the following factors:

- the potential advantages and disadvantages of the Scheme;
- the extent to which a control premium is being paid;
- the likelihood of an alternative takeover offer emerging;
- the future prospects of TSN, if the Scheme is not implemented; and
- the liquidity the Scheme provides.

3.9 Our assessment of the proposed Scheme is based on economic, market and other conditions prevailing at the date of this Report.

4. Summary of the Scheme

Overview

- 4.1 On 29 November 2022, the Company announced that TSN had entered into the binding SID pursuant to which it is proposed that EXL will acquire 100% of the issued share capital of TSN via the Scheme.
- 4.2 Under the terms of the Scheme, Shareholders, other than Ineligible Shareholders, will receive 1.1225 EXL Shares (Consideration Shares) for every fully paid share they hold.
- 4.3 EXL will issue the Consideration Shares that would otherwise have been issued to Ineligible Shareholders as Scheme Consideration to a Sale Nominee appointed by TSN and TSN must procure that the Sale Nominee sells the Consideration Shares that are attributable to Ineligible Shareholders.
- 4.4 Prior to the Deed of Variation to the SID announced on 17 May 2023, it was proposed that EXL would acquire TSN Options on issue (other than 334,000 Excluded Options and 3,396,430 Cancellation Options) under an Option Scheme. As set out in the Deed of Variation dated 17 May 2023, given the passing of time since first entering into the SID and in reviewing the timetable, TSN and EXL have agreed not to proceed with the Option Scheme. Accordingly, the 11,750,008 TSN Options that expire on 31 July 2023 (refer Table 9) do not form part of the Scheme.
- 4.5 As part of the SID, EXL is required to use reasonable efforts to procure that each person who is a holder of an Excluded Option enters into an Option Swap Agreement with EXL whereby, subject to the Scheme becoming effective, the Excluded Options held by the holder will be cancelled and the Excluded Optionholder will be issued

options in EXL conferring the same rights as reasonably practical as the current Excluded Options issued by TSN.

- 4.6 As part of the SID, TSN is required to use reasonable best efforts to procure that each person who is a holder of a Cancellation Option enters into an Option Cancellation Agreement, whereby, subject to the Scheme becoming effective, the Cancellation Options held by the holder will be cancelled.
- 4.7 As part of the SID, Performance Rights on issue by TSN are to be cancelled before the Scheme becomes effective and TSN intends to issue 140,000 TSN Shares before the Scheme effective date in lieu of these Performance Rights, with those TSN Shares forming part of the Scheme.
- 4.8 The Scheme is subject to the Court convening a meeting of Shareholders where they consider a resolution seeking approval of the Scheme (“Scheme Meeting”). The Scheme Meeting is to be held in or around August 2023 and, under the Act, will be approved by Shareholders if the resolution is passed by a majority of Shareholders present (in person or by proxy) and voting at the Scheme Meeting, and by at least 75% of the votes cast on the resolution.
- 4.9 If this occurs, a second Court hearing will be held to approve the Scheme which, if approved, will become binding on all Shareholders, irrespective of whether or not they voted for the Scheme.
- 4.10 If the Scheme is implemented, TSN will become wholly owned by EXL, forming the Merged Group.

EXL capital raising prior to the Scheme

- 4.11 On 5 April 2023, EXL announced that it had secured firm commitments for the \$1.25m Placement from new and existing institutional and sophisticated investors at an offer price of \$0.018 per ordinary share. EXL also announced that it would undertake a Share Purchase Plan to raise \$1.0m from existing EXL shareholders on the same terms as the Placement. The Placement and SPP shares have also been offered with attaching options on a 1:1 basis, exercisable at \$0.02 and expiring two years after issuance, with the offer of attaching options under the Placement and the SPP subject to shareholder approval at EXL’s AGM to be held on 31 May 2023.
- 4.12 Cannacord Genuity (“Cannacord”) agreed to underwrite the SPP to the amount of \$1m and in consideration for underwriting the SPP and subject to shareholder approval at the AGM, Cannacord would receive an underwriting fee of 3m fully paid ordinary EXL shares and 6m EXL options, exercisable for one EXL share at an exercise price of \$0.02 with expiry two years after issuance. Approval for the underwriting fee would be conditional on EXL shareholders also approving the issue of attaching options under the SPP.
- 4.13 The SPP also allowed for, at EXL’s sole discretion, the acceptance of oversubscriptions of up to an additional \$1.08m, being 60,157,450 EXL ordinary shares. The oversubscription would be at the same terms as the SPP, including a free attaching option to the additional shares issued.
- 4.14 The purpose of the Placement and the SPP (collectively, the “Capital Raising”) is to support the proposed acquisition of TSN, near-term growth initiatives, working capital needs and the costs of the Scheme.
- 4.15 On 24 May 2023, EXL announced that it had received applications for \$685,000 from its shareholders under the SPP. On 31 May 2023, EXL announced that EXL shareholders had approved the underwriting fee to Cannacord and the issue of attaching options under the SPP at EXL’s AGM. Accordingly, EXL raised a total of \$1m under the SPP (due to the underwriting agreement with Cannacord).

Key conditions of the Scheme

- 4.16 The implementation of the Scheme is subject to a number of Conditions Precedent. The Conditions Precedent which must be satisfied or waived are:
- (a) **Orders convening Scheme Meeting:** the Court orders the convening of the Scheme Meeting under section 411(1) of the Corporations Act;

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- (b) **TSN Shareholder approval:** TSN Shareholders approve the Scheme at the Scheme Meeting by the requisite majorities under section 411(4)(a)(ii) of the Corporations Act;
 - (c) **Independent Expert:** the Independent Expert issues an Independent Expert's Report which concludes that the Scheme is in the best interests of TSN Shareholders before the time when the Scheme Booklet is registered with ASIC and does not publicly change or withdraw that conclusion before 8:00am on the Second Court Date;
 - (d) **ASIC and ASX consents:** before 8:00am on the Second Court Date, ASIC and ASX issue or provide such consents, waivers and/or approvals which are reasonably necessary to implement the Scheme (noting that if such consents, waivers and/or approvals are subject to conditions those conditions must be acceptable to EXL acting reasonably and such consent, waiver and/or approval has not been withdrawn or revoked before 8:00am on the Second Court Date);
 - (e) **Other governmental authorities:** before 8:00am on the Second Court Date, the relevant Government Agency issues or provides such consents, waivers, approvals which EXL reasonably considers are necessary or desirable to implement the Scheme (noting that if such consents, waivers and/or approvals are subject to conditions those conditions must be acceptable to EXL) and such consent, waiver and/or approval has not been withdrawn or revoked before 8:00am on the Second Court Date;
 - (f) **No restraints:** no applicable law, regulation or rule shall have been enacted and no Order shall be in effect as at 8:00am on the Second Court Date (or the intended date for the Second Court Date, but for such law, regulation, rule or Order) that prevents or prohibits the implementation of the Scheme;
 - (g) **No TSN Prescribed Occurrence:** no TSN Prescribed Occurrence (as defined in the SID) occurs between the date of the SID and 8:00am on the Second Court Date, which has not been remedied as at 8:00am on the Second Court Date;
 - (h) **No TSN Material Adverse Change:** no TSN Material Adverse Change (as defined in the SID) occurs between the date of the SID and 8:00am on the Second Court Date;
 - (i) **No EXL Material Adverse Change:** no EXL Material Adverse Change (as defined in the SID) occurs between the date of the SID and 8:00am on the Second Court Date;
 - (j) **No EXL Prescribed Occurrence:** no EXL Prescribed Occurrence (as defined in the SID) occurs between the date of the SID and 8:00am on the Second Court Date, which has not been remedied as at 8:00am on the Second Court Date;
 - (k) **Cannacord Shares:** Immediately prior to the Second Court Date, EXL has delivered to TSN a document confirming that it has assumed the obligation under the Canaccord Mandate¹ to issue Canaccord 9,036,068 EXL Shares immediately post implementation of the Transaction.
 - (l) **Cancellation Options:** before 8:00am on the Second Court Date, TSN has complied with its obligations in relation to the Cancellation Options and Option Cancellation Agreements have been duly executed and exchanged by the parties thereto and are legally binding and effective, in respect of all Cancellation Options so that there are no Cancellation Options which are not the subject of an Option Cancellation Agreement;
 - (m) **Excluded Options:** before 8:00am on the Second Court Date EXL has complied with its obligations in relation to the Excluded Options such that Option Swap Agreements have been duly executed and exchanged by the parties thereto and are legally binding and effective, in respect of all Excluded Options so that there are no Excluded Options which are not the subject of an Option Swap Agreement;
 - (n) **TSN Performance Rights:** Before 8:00am on the Second Court Date TSN has complied with its obligations in relation to the TSN Performance Rights such that Performance Rights Agreements have been duly executed and exchanged by the parties thereto and are legally binding and effective, in respect of all TSN

¹ Cannacord has a mandate with TSN, with Cannacord acting as financial advisor to TSN in relation to the Proposed Scheme.

Performance Rights so that there are no TSN Performance Rights which are not the subject of a Performance Rights Agreement;

- (o) **Net Debt balance:** before 8:00am on the Second Court Date, TSN has delivered to EXL documentation evidencing that, as at the Effective Date and as at the Implementation Date, the Target will have a Net Debt balance of no greater than (i) where the relevant date is on or before 30 June 2023, \$2,500,000 and (ii) where the relevant date is after 30 June 2023, the amount of \$2,500,000 is increased by \$100,000 for each completed calendar month occurring after 30 June 2023;
- (p) **No termination:** as at 8.00 am on the Second Court Date, the SID and Deed Poll have not been terminated in accordance with their terms;
- (q) **Court Approval:** the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act with or without modification;
- (r) **Additional conditions:** such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to EXL and TSN have been satisfied;
- (s) **Court orders effective:** pursuant to section 411(10) of the Corporations Act, the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable section 411(6) of the Corporations Act) in relation to the Scheme must be lodged with ASIC to become Effective; and
- (t) **All other Scheme Implementation Deed conditions:** all conditions set out in clause 3.1 of the SID (including those listed and unlisted in the Scheme Booklet) have been satisfied or waived in accordance with the terms of the SID prior to 8.00 am on the Second Court Date.

5. Profile of The Sustainable Nutrition Group Ltd

Overview

5.1 TSN is a manufacturer and distributor of a range of sustainable and plant-based nutrition brands, including hemp products under the Mt Elephant, Australian Primary Hemp, the Australian Super Food, and Field Day brands. TSN sell its products to retail, wholesale, e-commerce and white label customers in Australia.

5.2 A summary of key product brands of TSN are set out in the table below:

Brand	Summary
Mt Elephant	<p>Launched in September 2020, Mt Elephant is a challenger plant-based food brand retailing plant based (hemp) food products including challenger plant-based baking products.</p> <p>Mt Elephant sells both online through mtelephant.com.au and through retail channels, including distribution agreements with Woolworths and other distributors.</p>
Field Day	<p>Launched in June 2021, Field Day is TSN's pet range (primarily for dogs). Products include a range of natural supplements and wellbeing products with formulations based on 100% Australian hemp and other wholefood ingredients.</p> <p>Field Day is distributed via the PetStock chain, together with independent petfood retailers and online pet channels. TSN also distributes direct to consumers online via fielddaypet.com.au.</p>

Brand	Summary
The Australian Super Food Co (“TASCo”)	<p>Acquired in January 2022, TASCo is a distributor of Australian native and indigenous ingredients sourced directly from indigenous communities across Australia. TASCo’s product range includes ingredients such as Bush Apple, Bunya Nut Meal, Aniseed Myrtle, Desert Lime, Wattleseed, Finger Lime and Kakadu Plum.</p> <p>TASCo distributes to c. 200 wholesale customers.</p>
Australian Primary Hemp (“APH”)	<p>APH is a brand under which TSN manufactures and distributes hemp ingredients including products such as hemp seeds, hemp seed oil, hemp protein powder and hemp flours.</p> <p>TSN has an established network of contracted Tasmanian growers who supply hemp to TSN, with 12 farming suppliers across Tasmania.</p> <p>TSN provides its customers a complete end to end service and handles seed selection, farming and processing, contract packaging, bulk and retail sales.</p>

Table 4: TSN Product Brand Overview

Legal structure

5.3 The Company is incorporated in and domiciled in Australia. TSN has 2 wholly owned subsidiaries, being:

- Australia Oncology Pty Ltd (dormant entity); and
- The Sustainable Nutrition Group (Australia) Pty Ltd (formerly Australian Primary Hemp Pty Ltd) (this entity holds The Australian SuperFood Co.) and is the trading entity for TSN.

Directors and management

5.4 The directors and key management of TSN are summarised in the table below.

Name	Title	Experience
Pauline Gately	Interim Non-Executive Chair	<p>Pauline has experience across a portfolio of Board positions in the mining and resources, FMCG, financial technology, and not-for-profit sectors. Pauline brings a commercial focus to strategy, risk and transformation having led companies through initial public offerings, business recalibration and mergers.</p> <p>Pauline’s board contributions are underpinned by 20-years investment banking experience spanning senior roles in investment strategy, economics, research, and funds management.</p> <p>In addition to being the Interim Non-Executive Chair of TSN, she is also Non-Executive Chair of Kalgoorlie Gold Mining Ltd (ASX: KAL) and a Non-Executive Director of Ardiden Ltd (ASX: ADV) where she chairs the Audit and Risk Committee, and Remuneration and Nomination Committee. Prior to this, Pauline was a Non-Executive Director, Non-Executive Chair, and subsequently Executive Chair of SGX-listed Alliance Mineral Assets Ltd (June 2011 to December 2018).</p> <p>Pauline is a graduate and member of the Australian Institute of Company Directors (GAICD) and holds a BA Hons Economics and Graduate Diploma in Accounting.</p>

Name	Title	Experience
James Hood	Co-Founder, Non-Executive Director	<p>James co-founded APH after a number of years researching alternative protein sources. He has an extensive family history in Victoria Western District farming.</p> <p>James' experience in production facility development and network of farmers, has assisted TSN in producing a complete vertically integrated product line.</p>
Shane Gild	Non-Executive Director	<p>Shane has spent over 20 years working in equities and capital markets with Deutsche Bank (Australia and UK) and Canaccord Genuity. Shane brings experience in capital markets transactions, institutional relationships and has worked with a number of ASX listed growth companies.</p> <p>Shane is currently a board member of MTC Foundation. He is also a Graduate of the Australian Institute of Company Directors (GAICD). Shane chairs TSN's Audit & Risk Committee.</p>
Tom Siebel	Non-Executive Director	<p>Tom has experience in the FMCG industry. Following 16 years with Woolworths, Tom moved to Sakata Rice Snacks, where he grew business sales over seven years. Tom has also maintained senior category marketing roles at Franklins, Sigma Pharmaceuticals and Coles.</p> <p>In late 2013, after consulting with a number of popular Australian brands such as Cobram Estate, five-am, IGA, Fodmap and Tyrrells Chips, Tom co-founded VÖOST Vitamins. In 2021 Tom sold VÖOST Vitamins to Proctor & Gamble.</p>

Table 5: TSN Directors and key management

Financial Performance

5.5 The following table sets out a summary of the financial performance of TSN for the years 30 June 2020 (“FY20”), 30 June 2021 (“FY21”) and 30 June 2022 (“FY22”), the half-year ended 31 December 2022 (“1HY23”) and the 10 months ended 30 April 2023 (“YTD23”) extracted from the audited and reviewed financial statements, and unaudited management accounts of the Company.

The Sustainable Nutrition Group Ltd	FY20	FY21	FY22	1HY23	YTD23
Financial performance (\$'000)	Audited	Audited	Audited	Reviewed	Unaudited Mgmt
Revenue	1,159	1,889	3,404	1,857	3,110
Cost of sales	(959)	(1,089)	(1,998)	(1,100)	(1,786)
Gross margin	200	800	1,407	758	1,324
Gross margin %	17.3%	42.3%	41.3%	40.8%	42.6%
Operating expenses					
Professional and consulting expenses	(4,070)	(1,486)	(631)	(356)	(474)
Employee related expenses	(1,346)	(2,029)	(2,859)	(1,081)	(1,598)
Other expenses	(531)	(1,609)	(2,828)	(734)	(1,264)
Total operating expenses	(5,948)	(5,125)	(6,319)	(2,172)	(3,335)
Other income	112	180	3	-	-
EBITDA	(5,636)	(4,145)	(4,909)	(1,414)	(2,012)
EBITDA margin %	(486.3%)	(219.4%)	(144.2%)	(76.1%)	(64.7%)
Depreciation and amortisation	(126)	(149)	(248)	(201)	(293)
EBIT	(5,762)	(4,294)	(5,158)	(1,615)	(2,305)
Interest income	1	-	-	0	-
Interest expenses	(154)	(100)	(86)	(69)	(150)
Loss before income tax expense	(5,914)	(4,394)	(5,243)	(1,684)	(2,455)
Income tax expenses	-	-	-	-	-
Loss after income tax expense	(5,914)	(4,394)	(5,243)	(1,684)	(2,455)

Source: Audited financial statements for FY20, FY21 and FY22, FY23 half-year report and YTD23 management accounts

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Table 6: TSN financial performance

5.6 We note the following in relation to TSN's financial performance:

- revenue had consistently grown from \$1.2m in FY20 to \$3.4m in FY22 as TSN has launched new product brands and increased its distribution network. FY22 included 5 months of contribution from the acquisition of TASCo. 1HY23 revenues were driven by continued focus on the Company's core SKUs under the Mt Elephant, Field Day, Australian Primary Hemp and Australian Superfoods brands. Strong revenues in the third quarter of FY23 were assisted by the strong performance of TASCo in March as several orders landed early. Revenue for YTD23 on an annualised basis is \$3.7m, being 9.3% above FY22 revenue;
- TSN generated a relatively consistent gross margin in FY21, FY22, 1HY23 and YTD23 of circa 41% to 42%. TSN's gross margin in FY20 was 17.3%, which was primarily attributable to additional costs incurred to develop new brands and products, and to expand TSN's supply and distribution network. The sale of obsolete and outdated stock in July 2022 at a discount resulted in a slightly reduced gross margin for 1HY23 relative to FY22 and FY21;
- TSN's main ongoing overhead cost is employee related expenses which have grown in line with the increase in the operations of the Company;
- FY20's operating expenses included one off expenses related to the reverse listing of Australian Primary Hemp Limited on the ASX, including legal and due diligence expenses, share based payments to advisors and a listing expense recognised in accordance with AASB 3 – Business Combinations. Continued efforts on cost reductions in YTD23 has contributed to an improved EBITDA margin of a 64.7% deficit relative to prior periods; and

- TSN has recorded EBITDA losses over the period reviewed of \$5.6m, \$4.1m, \$4.9m, \$1.4m and \$2.0m for FY20, FY21, FY22, 1HY23 and YTD23, respectively.

Financial Position

5.7 The table below sets out a summary of the financial position of TSN as at 30 June 2020, 30 June 2021, 30 June 2022, 31 December 2022 and 30 April 2023.

The Sustainable Nutrition Group Ltd	30-Jun-20	30-Jun-21	30-Jun-22	31-Dec-22	30-Apr-23
Financial position (\$'000)	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Reviewed</i>	<i>Unaudited Mgmt</i>
Current assets					
Cash and cash equivalents	2,345	4,101	378	514	146
Trade and other receivables	169	673	584	348	406
Inventory / work in progress	944	2,563	3,256	3,279	3,508
Prepayments	92	138	183	142	65
Total current assets	3,551	7,475	4,402	4,281	4,125
Non-current assets					
Property, plant and equipment	862	849	884	802	776
Intangibles	-	-	976	925	908
Lease right-of-use asset	136	182	218	150	101
Other non-current assets	134	77	952	947	947
Total non-current assets	1,132	1,108	3,030	2,824	2,732
Total assets	4,684	8,583	7,432	7,106	6,857
Current liabilities					
Trade and other payables	257	1,715	1,123	1,332	1,220
Borrowings	270	268	103	1,196	1,815
Provisions	53	119	131	108	110
Lease liabilities	41	79	143	126	74
Total current liabilities	621	2,181	1,500	2,763	3,218
Non-current liabilities					
Borrowings	1,220	969	920	920	903
Lease liabilities	95	111	95	39	39
Provisions	5	9	21	25	30
Total non-current liabilities	1,320	1,089	1,036	983	972
Total liabilities	1,941	3,269	2,536	3,746	4,190
Net assets	2,743	5,314	4,896	3,359	2,666
Equity					
Issued capital	11,660	17,635	22,278	22,278	22,278
Reserves	229	1,218	1,401	1,322	1,367
Accumulated losses	(9,147)	(13,540)	(18,783)	(20,241)	(20,979)
Total equity	2,743	5,314	4,896	3,359	2,666

Source: Audited financial statements for FY20, FY21 and FY22, FY23 half-year report and YTD23 management accounts

Table 7: Financial position of TSN

5.8 We note the following in relation to TSN's financial position:

- TSN disclosed net assets of \$2.7m, \$5.3m, \$4.9m, \$3.4m and \$2.7m at 30 June 2020, 30 June 2021, 30 June 2022, 31 December 2022 and 30 April 2023, respectively;
- at 30 April 2023, TSN disclosed cash and cash equivalents of \$146k;
- current assets primarily comprise of inventories which have increased over the period due to the increased operations of the Company;

- non-current assets comprise of plant and equipment, intangible assets (goodwill and trademarks/brands associated with the acquisition of TASCo), lease right-of-use (“ROU”) assets, and other non-current assets (which primarily relates to a \$920k security deposit held with National Australia Bank);
- current liabilities primarily comprise of trade and other payables;
- current borrowings of \$1.82m as at 30 April 2023 primarily relate to the initial drawdowns of the loan agreement with EXL; and
- at 30 April 2023, TSN disclosed non-current borrowings of \$903k which related to a commercial loan with National Australia Bank, with the commercial loan being secured by a term deposit for \$920k with National Australia Bank, as referred to above within non-current assets.

Capital Structure

5.9 As at the date of this report, TSN has 140,762,900 ordinary shares on issue. The top 20 shareholders of TSN as at 16 June 2023 are set out below.

Shareholder	Number	%
MS PAULINE THERESE GATELY	11,830,881	8.40%
JAMES ROBERT HOOD PTY LTD	10,144,423	7.21%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,882,861	7.02%
UBS NOMINEES PTY LTD	6,293,750	4.47%
COTTON ON INNOVATION FUND PTY	7,484,375	5.32%
INTERDALE PTY LTD	4,230,235	3.01%
G4 INVESTORS PTY LTD	3,291,878	2.34%
THOMAS SIEBEL	2,791,878	1.98%
TTOR PTY LTD	2,600,000	1.85%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,464,840	1.75%
AJ HARDWICK INVESTMENTS PTYLTD	2,433,193	1.73%
TTOR PTY LTD	2,399,999	1.70%
CROFTON PARK DEVELOPMENT	2,083,750	1.48%
CG NOMINEES (AUSTRALIA) PTY	2,000,000	1.42%
SCOTT FAMILY RETIREMENT PTY	1,832,754	1.30%
MR WILLIAM ALEXANDER MORRISON	1,800,000	1.28%
THIRD PARTY NOMINEES PTY LTD	1,737,857	1.23%
MR SISSAY ASSEFA DEGEFFA & MRS MAHLET KASSA SHEMENE	1,350,000	0.96%
CY CAPITAL PTY LTD	1,299,555	0.92%
SCALZO TRADING CO PROPRIETARY	1,250,000	0.89%
	79,202,229	56.27%
Other shareholders	61,560,671	43.73%
Total	140,762,900	100.00%

Source: TSN Shareholder Register

Table 8: TSN top 20 Shareholders

5.10 At the date of this Report, TSN also has 420,000 Performance Rights and 15,480,438 Options on issue as summarised in the table below.

Code	Type	Number	Exercise Price	Expiry Date	Further detail
TSNAI	Performance Rights	420,000	\$nil	31/10/2024*	N/a
TSNAR	Unlisted Options	11,750,008	\$0.26	31/07/2023	Does not form part of the Scheme
TSNAJ	Unlisted Options	562,430	\$0.45	22/10/2024	Cancellation Options
TSNAE	Unlisted Options	334,000	\$0.26	22/10/2023	Cancellation Options
TSNAE	Unlisted Options	334,000	\$0.26	22/10/2023	Excluded Options
TSNAF	Unlisted Options	833,334	\$0.45	31/12/2023	Cancellation Options
TSNAG	Unlisted Options	833,333	\$0.55	31/12/2023	Cancellation Options
TSNAH	Unlisted Options	833,333	\$0.65	31/12/2023	Cancellation Options
Total Performance Rights/Options		15,900,438			

Source: TSN ASX Announcements

* Performance Rights Vest on 30 June 2024, subject to certain performance conditions being achieved

Table 9: TSN Performance Rights and unlisted options summary

5.11 As set out in the table above, the unlisted Options designated TSNAR as above do not form part of the Scheme. All other unlisted Options are either Excluded Options or Cancellation Options.

5.12 The Employee Performance Rights are proposed to be cancelled prior to the implementation of the Scheme, with TSN intending to issue 140,000 TSN Shares in lieu of the Performance Rights and with those Shares forming part of the Scheme.

Share price performance

5.13 On 18 May 2022, TSN's shares entered into voluntary suspension and trading was suspended until 5 January 2023.

5.14 A summary of TSN's share price movement from 1 November 2021 to 20 June 2023 (excluding the period where the shares were suspended from trading), is set out in the figure below.

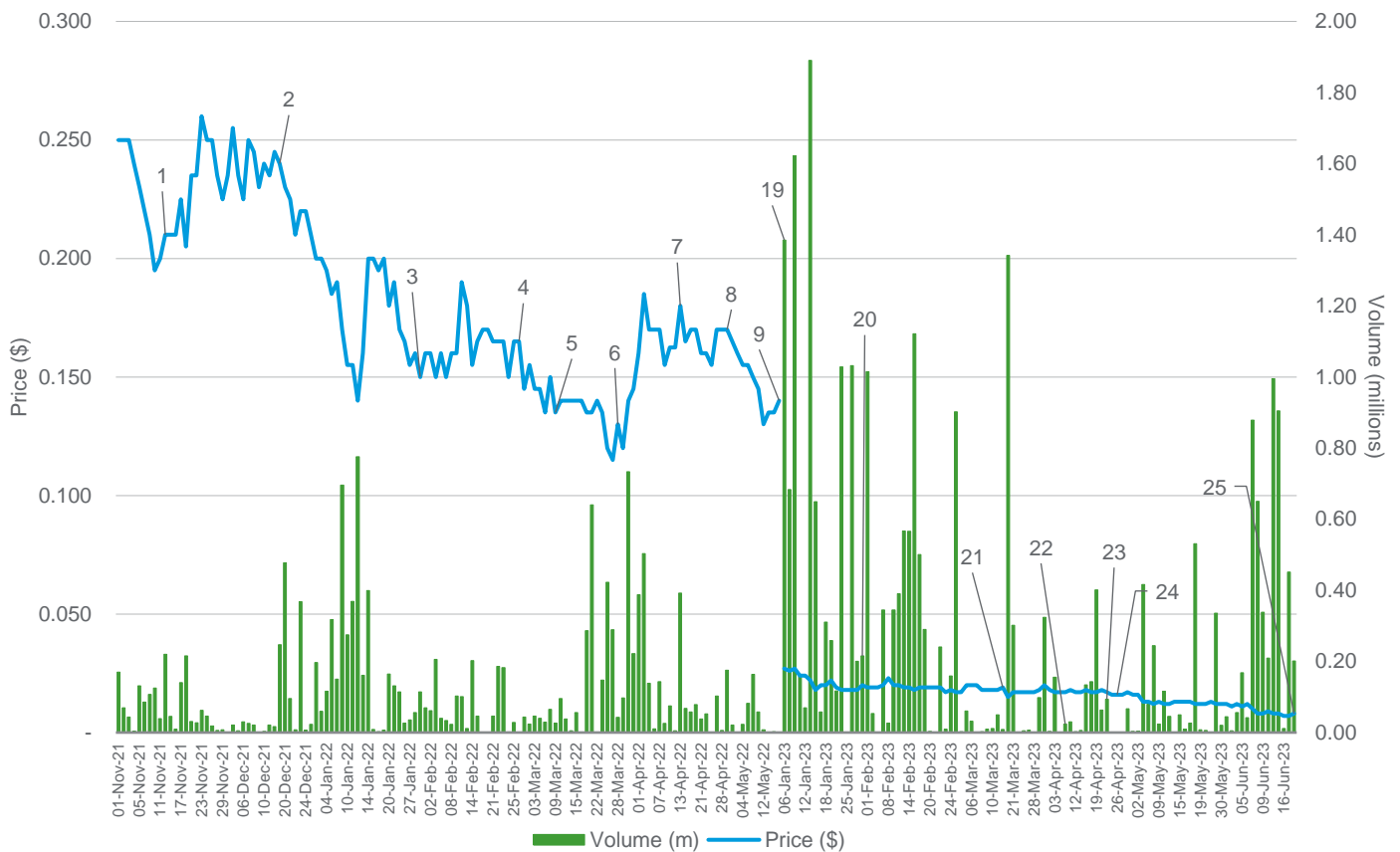


Figure 2: TSN recent share trading history (Source: S&P Capital IQ)

5.15 Over the period 1 November 2021 to 17 May 2022, TSN shares traded at a low of \$0.115 to a high of \$0.260. Since recommencing trading to 15 May 2023, TSN’s share price has ranged from a low of \$0.012 to a high of \$0.027.

5.16 We note that TSN made the following selected announcements between 7 November 2021 and the date of this Report.

Reference	Date	Commentary
1	12 Nov 2021	TSN announced it had entered into a partnership with Australian Plant Proteins to develop hemp concentrate and isolates.
2	17 Dec 2021	TSN announced the acquisition of The Australian SuperFood Company (TASCo) for \$3.0m and that acquisition would be funded by a \$4.7m institutional placement at \$0.20 per share, with a further \$3.0m entitlement offer to existing shareholders at the same price.
3	31 Jan 2022	TSN announced the completion of the acquisition of TASCo.
4	28 Feb 2022	TSN released its FY22 half-year results noting revenue of \$1.6m and a loss per share of \$0.0284.
5	9 Mar 2022	TSN announced an extension of the existing Woolworths distribution agreement as well as a new agreement expected to generate annualised sales revenue of \$0.9m to \$1.0m from April 2022.

Reference	Date	Commentary
6	30 Mar 2022	TSN announced positive test results in its development of unique hemp isolates and concentrates with Australian Plant Proteins.
7	13 Apr 2022	TSN announced two new agreements for the supply of ingredients to Dash Brands Pacific Pty Ltd and Remedy Kombucha Pty Ltd with a combined value of c. \$720k over 2 years.
8	29 Apr 2022	TSN released its Q3 FY22 quarterly activities report noting \$900k in revenue for the quarter.
9	18 May 2022	TSN shares were voluntarily suspended from trading pending the assessment of the potential impact in relation to the termination of a key strategic customer supply agreement for existing branded goods.
10	26 May 2022	TSN announced the resignation, effective immediately of the Company's Managing Director and CEO, Mr Neale Joseph.
11	1 June 2022	TSN announced an extension of its voluntary suspension to enable a comprehensive review of the Company's product ranging, customer acquisition pipeline and financial forecasts following the loss of a strategic customer supply agreement for existing branded goods and the recent resignation of the CEO.
12	30 June 2022	TSN announced a further extension of its voluntary suspension in order to provide it more time to continue its comprehensive review of the Company's product range, customer acquisition pipeline and financial forecasts following the loss of a strategic customer supply agreement for existing branded goods.
13	29 July 2022	TSN released its Q4 FY22 quarterly activities report noting \$973k in revenue for the quarter and an update on key supplier agreements, including Coles advising TSN that it would no longer have capacity to stock Mt Elephant baking range products.
14	31 August 2022	TSN released its Appendix 4E and Preliminary Final Report for the year ended 30 June 2022.
15	31 October 2022	TSN released its Q1 FY23 quarterly activities report noting \$822k in revenue for the quarter together with the implementation of significant cost reductions across the business, with net cash used in operating activities of \$339k compared to \$1.47m in Q4 FY22 and \$1.5m in the same period in the prior financial year.
16	4 November 2022	TSN announced that the earnout condition that would have resulted in the issue of \$1.15m in TSN fully paid ordinary shares to TASCo upon TASCo achieving a Target Gross Profit of \$1.3m had not been satisfied and consequently, the TSN shares would not be issued.
17	29 November 2022	TSN announced the proposed Scheme with EXL together with the separate loan agreement between TSN and EXL.
18	22 December 2022	TSN released its FY22 annual report noting \$3.40m in revenue and a statutory loss after tax of \$5.24m for FY22.
19	5 January 2023	TSN announced that the suspension of trading in the securities of TSN would be lifted from 6 January 2023.

Reference	Date	Commentary
20	31 January 2023	TSN released its Q2 FY23 quarterly activities report noting \$1.01m in revenue for the quarter.
21	20 March 2023	20,156,515 ordinary shares issued to TSN Directors, in lieu of directors fees.
22	5 April 2023	TSN gives consent to Elixinol Wellness to undertake a Share Placement and Share Purchase Plan to strengthen Elixinol's financial position. TSN also announces an updated indicative timetable in relation to the key dates of the scheme.
23	21 April 2023	TSN announced that the Company had reached an agreement with EXL to give certain consents and/or waivers to amend the Scheme Implementation Deed.
24	28 April 2023	TSN released its Q3 FY23 quarterly activities report noting \$0.92m in revenue for the quarter.
25	20 June 2023	TSN announces to the market that it had reached an agreement to extend its loan facility with EXL from \$2.0m to \$2.4m.

Table 10: TSN Selected ASX announcements summary

6. Profile of Elixinol Wellness Limited

Overview

6.1 EXL is an ASX-listed entity which operates as a holding company for:

- Elixinol LLC (“EXL Americas”);
- Elixinol Wellness (Byron Bay) Pty Ltd trading as Hemp Foods Australia (“Hemp Foods Australia”);
- Elixinol Wellness (Corporate Services) Pty Ltd; and
- EXL International Holdings LLC, comprising Elixinol BV and Elixinol Limited (together “EXL Europe”).

6.2 The chart below sets out the key operating entities of the EXL group.

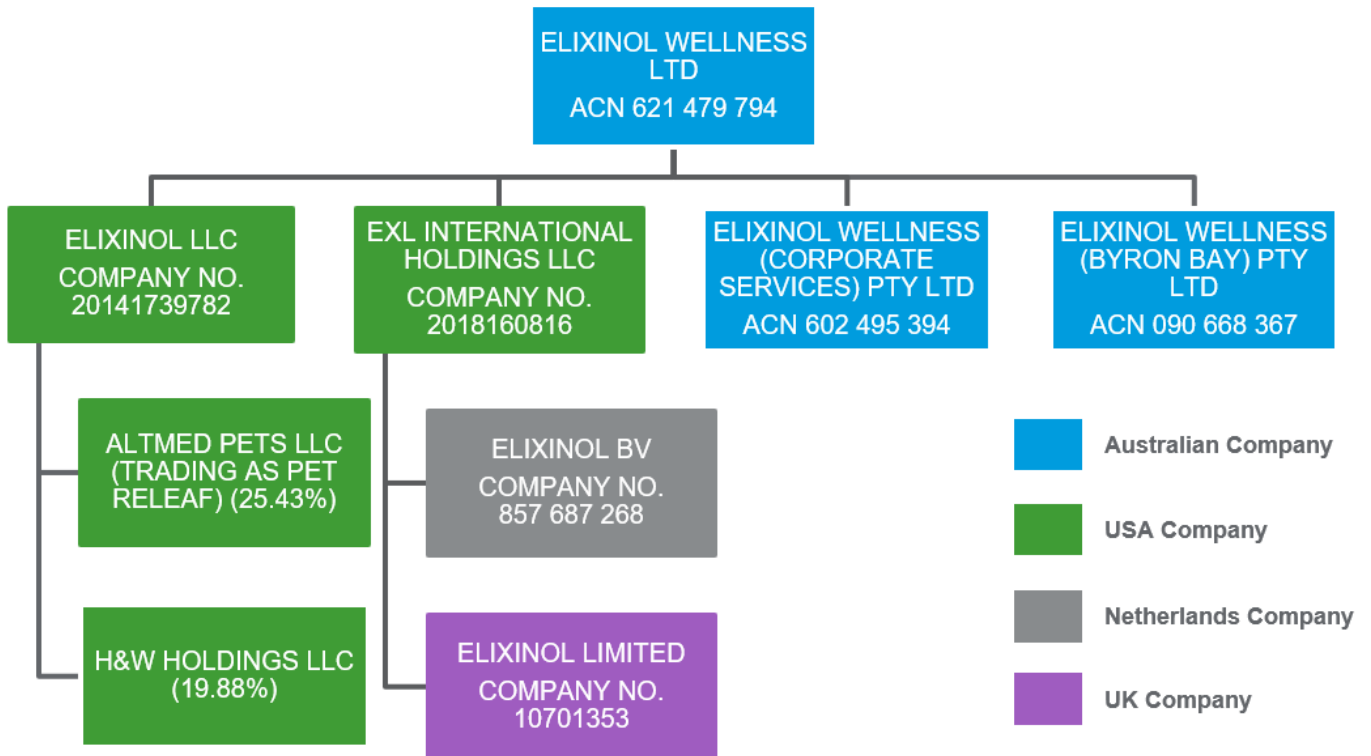


Figure 3: EXL Group Structure

6.3 The principal activities of each operating division of EXL are summarised in the table below.

Division	Summary
EXL Americas	EXL Americas is based in Colorado, USA and was established in 2014 to specialise in the manufacturing and distribution of products made from premium quality, predominantly 'whole plant' full spectrum CBD products, which is extracted from organically grown industrial hemp.
Hemp Foods Australia	Hemp Foods Australia is currently based in Byron Bay Shire, New South Wales, Australia and was founded in 1999 to manufacture, market and distribute hemp derived food, supplements and skincare products. Hemp Foods Australia primarily distributes within Australia but also supplies to export markets.
EXL Europe	EXL Europe is based in Utrecht, The Netherlands and London, United Kingdom and was established in 2018 to specialise in the development, sourcing, marketing and distribution of hemp derived CBD products including skincare products. In 2021, the operations ceased and the business model moved to a licensing model that includes Elixinol Europe, Japan, South Africa and pending approval in Malaysia.

Table 11: EXL divisional summary

6.4 EXL also has investments in the following companies:

- a 25.43% equity interest in Altmed Pets LLC, a company registered in Florida in the United States which trades as Pet Releaf and specialises in the wholesale and retail of CBD products designed for the pet market; and
- a 19.88% equity interest in H&W Holdings LLC, a company registered in Colorado in the United States. We understand that this company is non-operational.

Directors and management

6.5 The directors and key management personnel of EXL are summarised below.

Name	Title	Experience
Helen Wiseman	Independent Non-Executive Chair and Non-Executive Director	Helen is a Non-Executive Director and audit committee specialist with international experience in food, pharmaceutical, natural healthcare, professional services, energy and natural resources and manufacturing industries. Helen is a former KPMG partner.
David Fenlon	Independent Non-Executive Director	David has over 30 years of experience in the FMCG and consumer sectors. He is currently CEO of The Platform Alliance Group, Non-Executive Chair for Nutritional Growth Solutions (ASX: NGS) and Non-Executive Director of Quest for Life Foundation. He was previously Group CEO and Managing Director of BWX Limited (ASX: BWX), and, prior to that, was Managing Director for Australia and New Zealand at Blackmores Limited (ASX: BKL).
Ronald Dufficy	Group Chief Executive Officer and Managing Director	Ronald is a senior finance executive having held various financial leadership roles with ASX-listed companies such as CSR Ltd (ASX: CSR) and Aristocrat Leisure Ltd (ASX: ALL). Ronald joined EXL in 2017 with a focus on the administrative, financial, and risk management operations of the group. He was appointed as Managing Director of EXL on 6 April 2023.

Name	Title	Experience
Josephine Lorenz	Group Chief Financial Officer and Joint Company Secretary	Josephine joined EXL in November 2017. Josephine has over 20 years' global finance experience, having held senior finance positions in various sectors including the role of Group Financial Controller for Network Ten and Nine Entertainment Co. (ASX: NEC). She was also formerly the Head of Finance at Independent Television News Limited in London and has held various roles at Deloitte in both London and Melbourne, Australia.
Sarah Prince	Joint Company Secretary	<p>Sarah has approximately 20 years of experience as a governance and company secretarial adviser providing governance and company secretarial services across a range of different industries.</p> <p>Sarah's previous ASX experience includes serving as company secretary of Viralytics Limited (ASX: VLA), an ASX listed biotech company, for a period of almost 10 years, serving as Company Secretary of ASX listed Xenith IP Group Limited (ASX: XIP), and serving as the Company Secretary of ASX-listed Wealth Defender Equities Limited (ASX: WDE) from its IPO until early 2019, following a takeover of WDE by WAM Capital Limited.</p> <p>Sarah holds a Bachelor of Arts, Bachelor of Laws and a Graduate Diploma of Applied Corporate Governance. She is a member of The Governance Institute of Australia and is admitted as a Solicitor of the Supreme Court of New South Wales.</p>

Table 12: EXL Directors and key management

Financial Performance

6.6 The following table sets out a summary of the financial performance of EXL for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 extracted from the audited financial statements of EXL, together with details of selected financial performance measures for the four months ended 30 April 2023 ("CYTD23") extracted from EXL's CYTD23 management accounts.

Elixinol Wellness Limited	FY20	FY21	FY22	CYTD23
Financial performance (\$'000)	Audited	Audited	Audited	Unaudited Mgmt*
Revenue	15,010	9,338	7,055	2,229
Cost of sales	(8,344)	(4,442)	(3,817)	
Gross margin	6,666	4,896	3,238	
<i>Gross margin %</i>	<i>44.4%</i>	<i>52.4%</i>	<i>45.9%</i>	
Operating expenses				
Administration expenses	(4,504)	(3,099)	(2,294)	
Distribution costs	(570)	(620)	(814)	
Professional and consulting expenses	(4,068)	(2,379)	(2,150)	
Employee related expenses	(13,036)	(9,855)	(5,783)	
Marketing expenses	(6,602)	(3,062)	(1,478)	
Total operating expenses	(28,780)	(19,015)	(12,519)	-
Other income	(736)	2,796	913	-
EBITDA	(22,850)	(11,323)	(8,368)	(2,196)
<i>EBITDA margin %</i>	<i>(152.2%)</i>	<i>(121.3%)</i>	<i>(118.6%)</i>	<i>(98.5%)</i>
Depreciation and amortisation	(3,213)	(1,490)	(721)	(182)
Impairment expenses	(74,186)	(3,865)	(1,020)	(215)
EBIT	(100,249)	(16,678)	(10,109)	(2,593)
Interest income	100	47	22	77
Interest expenses	(49)	(92)	(71)	(20)
Loss before income tax expense	(100,198)	(16,723)	(10,158)	(2,536)
Income tax expenses	(4,200)	65	(2)	(2)
Total comprehensive loss (including OCI)	(104,398)	(16,658)	(10,160)	(2,538)

Source: Audited financial statements for FY21 and FY22 and CYTD23 management accounts

* breakdown of cost of sales and operating expenses were not quantified in the CYTD23 management accounts

Table 13: EXL financial performance

6.7 We note the following in relation to EXL's financial performance:

- revenue has consistently declined from \$15.0m in FY20 to \$7.1m in FY22. The decline is primarily attributed to a strategic focus by EXL to cease its bulk and private label products which were considered high volume but low margin. The chart below (obtained from EXL's financial statements/investor presentations) sets out a comparison of EXL's revenue by channel for FY22, FY21 and FY20. Revenue relating to the 'Other' channel relates to bulk and private label.

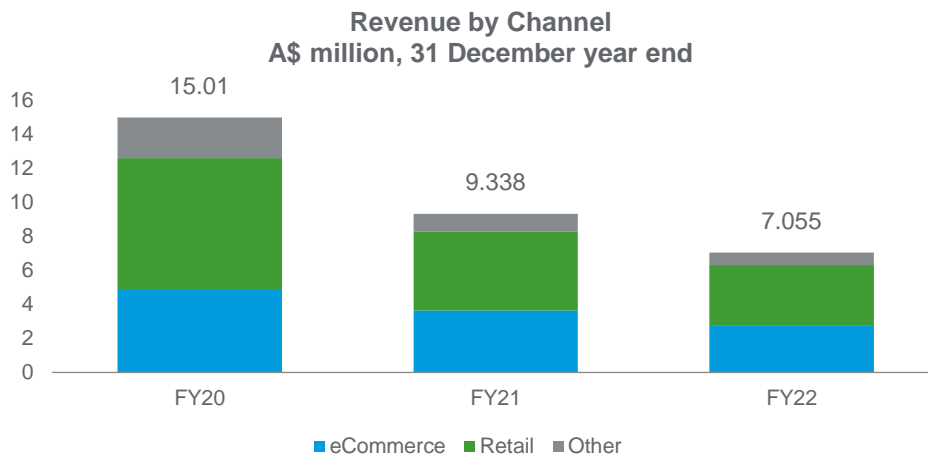


Figure 4: EXL Revenue by Channel – FY22, FY21 and FY20 (source: EXL FY22 and FY21 annual report)

- revenue has declined slightly in CYTD23, with total revenue disclosed for the 4 months of \$2.2m, representing a decline of 5.2% on an annualised basis, compared to FY22. Revenue from bulk and private label continues to decline notably as management have identified these channels as low value;
- gross margins between FY20 and FY22 have fluctuated between 44.4% and 52.4% with gross margins impacted by the mix of revenue between wholesale, bulk and retail products;
- EXL's operating costs primarily comprise of employee related expenses, marketing expenses, professional and consulting expenses, distribution costs and other administrative costs. Throughout the FY20 period through to CYTD23, EXL's total operating expenses have significantly decreased as EXL's management has focused on streamlining the costs of the business, tightly controlling expenditures and implementing the strategy of positioning EXL as a low overhead e-commerce retailer in the Americas operations;
- EXL has disclosed EBITDA losses of \$22.9m, \$11.3m, \$8.4m and \$2.2m for FY20, FY21, FY22 and CYTD23, respectively; and
- in FY20, EXL recorded significant impairment expenses related to the impairment of intangible assets (goodwill, customer relationships and brand names) and the impairment of assets (inventory, plant and equipment, prepayments, and equity accounted investments). An impairment of c.\$39.2m related to the Elixinol America CGU.

Financial Position

6.8 The table below sets out a summary of the financial position of EXL as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 April 2023.

Elixinol Wellness Limited	31-Dec-20	31-Dec-21	31-Dec-22	30-Apr-23
Financial position (\$'000)	Audited	Audited	Audited	Unaudited Mgmt
Current assets				
Cash and cash equivalents	27,743	12,649	2,864	2,621
Trade and other receivables	1,700	3,511	3,974	1,006
Inventory / work in progress	4,735	2,201	1,740	1,777
Other current assets	1,176	1,227	734	494
Total current assets	35,354	19,588	9,312	5,898
Non-current assets				
Property, plant and equipment	2,471	1,308	375	343
Intangibles	917	463	152	153
Lease right-of-use asset	1,412	1,173	737	601
Other non-current assets	2,316	2,800	2,909	4,791
Total non-current assets	7,116	5,744	4,173	5,888
Total assets	42,470	25,332	13,485	11,786
Current liabilities				
Trade and other payables	3,642	3,217	2,185	1,046
Contract liabilities	89	94	22	-
Borrowings	-	428	320	179
Provisions	344	229	216	226
Lease liabilities	920	747	697	670
Other current liabilities	-	-	-	829
Total current liabilities	4,995	4,715	3,440	2,950
Non-current liabilities				
Borrowings	250	250	250	250
Lease liabilities	1,574	1,290	637	375
Provisions	-	-	-	69
Total non-current liabilities	1,824	1,540	887	694
Total liabilities	6,819	6,255	4,327	3,644
Net assets	35,651	19,077	9,158	8,142
Equity				
Issued capital	217,730	218,058	218,122	219,272
Reserves	8,971	9,094	9,682	10,013
Accumulated losses	(191,050)	(208,075)	(218,646)	(221,143)
Non-controlling interest	-	-	-	-
Total equity	35,651	19,077	9,158	8,142

Source: Audited financial statements for FY21 and FY22 and CYTD23 management accounts

Table 14: Financial position of EXL

6.9 We note the following in relation to EXL's financial position:

- EXL disclosed net assets of \$35.7m, \$19.1m, \$9.2m and \$8.1m as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 April 2023, respectively;
- at 30 April 2023, EXL disclosed cash and cash equivalents of \$2.6m, which includes funds raised under the Placement;

- current assets primarily comprise of trade and other receivables and inventories which have decreased over the period in line with the reduction in revenue;
- non-current assets comprise of plant and equipment, intangible assets (patents and trademarks), lease ROU assets, and other non-current assets primarily relate to EXL's 25.43% investment in Altmed Pets LLC (30 April 2023 balance \$2.9m) and the loan receivable from TSN;
- current liabilities primarily comprise of trade and other payables;
- at 30 April 2023, EXL disclosed current borrowings and non-current borrowings of \$179k and \$250k, relating to insurance premium funding and a loan with Raw with Life, respectively; and
- at 30 April 2023, EXL disclosed a lease ROU asset and total lease liability of \$0.6m and \$1.0m, respectively. We note that in FY20, EXL recorded a \$0.7m impairment of its ROU assets. EXL undertook a further impairment assessment at 31 December 2021 and no further impairments or impairment reversals were recorded.

Share price performance

6.10 A summary of EXL's share price movement from 1 November 2021 to 20 June 2023 is set out in the figure below.

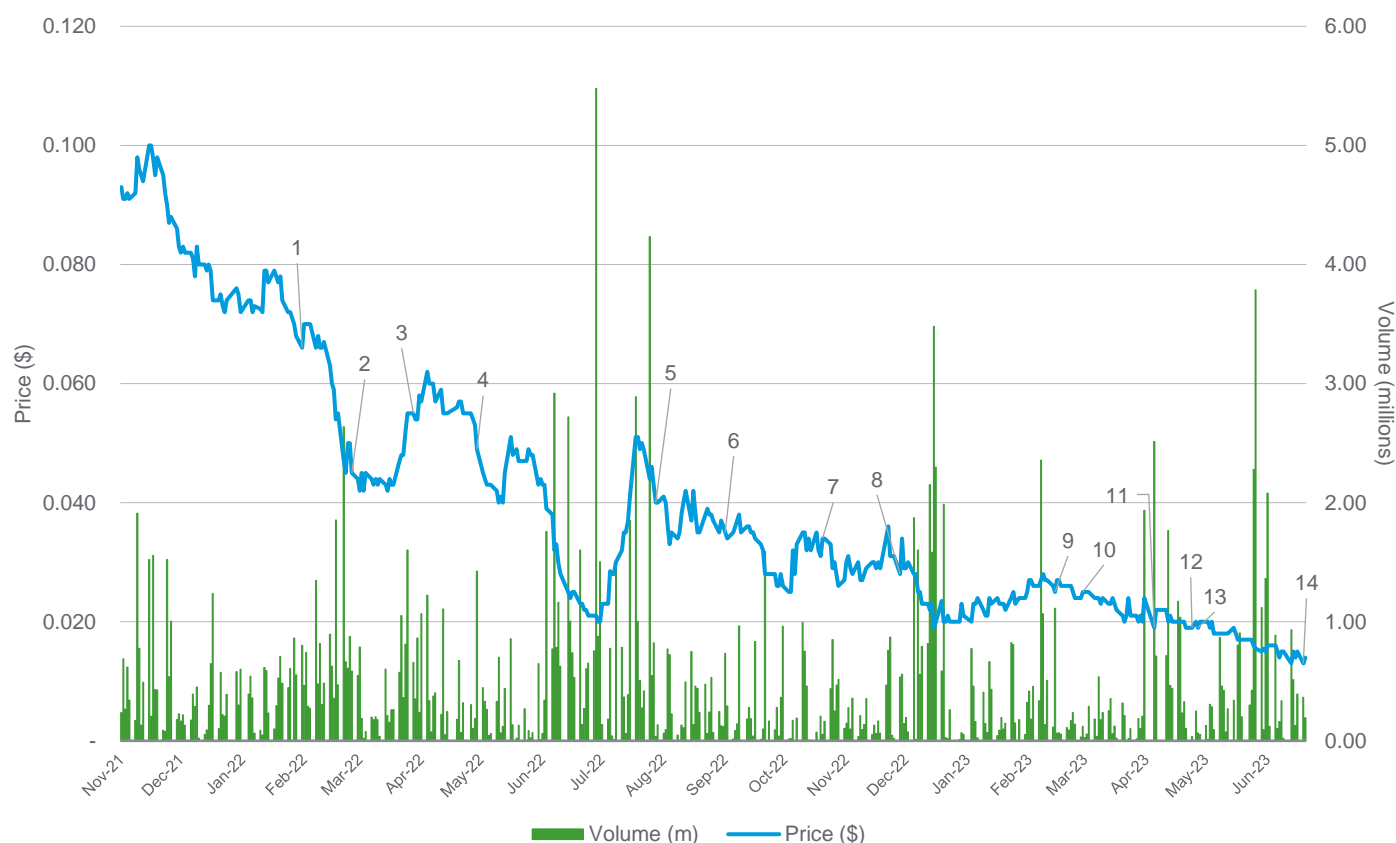


Figure 5: EXL recent share trading history (Source: S&P Capital IQ)

6.11 Over the period 1 November 2021 to 15 May 2023, EXL's shares traded at a high of \$0.100 and a low of \$0.018.

6.12 We note that EXL made the following selected announcements between 30 November 2021 and the date of this Report.

Reference	Date	Commentary
1	31 Jan 2022	Release of Q4 FY21 quarterly activities report noting quarterly revenue of \$2.3m.
2	25 Feb 2022	Release of FY21 annual report noting net loss per share of \$0.0541.
3	28 Mar 2022	EXL released strategic review findings noting an expected reduction in operating costs of approximately \$3.2m as well as the resignation of Global CEO Oliver Horn to be replaced by global CFO Ronald Dufficy and the appointment of David Fenlon to the board of directors.
4	29 Apr 2022	Release of Q1 FY22 quarterly update noting quarterly revenue of \$1.5m.
5	29 Jul 2022	Release of Q2 FY22 quarterly update noting quarterly revenue of \$1.7m, an increase of 13% on the prior quarter, driven by growth across all key markets.
6	30 Aug 2022	EXL released its H1 FY2022 Interim Financial Statements.
7	20 Oct 2022	Release of Q3 FY22 quarterly update noting quarterly revenue of \$2.0m, an increase of 18% on the prior quarter, driven by growth across all key markets.
8	29 November 2022	EXL announced the proposed Scheme with TSN together with the separate loan agreement between TSN and EXL.
9	14 February 2023	EXL announced that it successfully resolved its arbitration proceedings against the shareholders of German company CannaCare Health GmbH. EXL is entitled to receive payments plus interest amounting to approximately 543,000 EUR within 30 days.
10	27 February 2023	EXL released its FY2022 Annual Report noting annual revenue of \$7.06m and a statutory loss of \$10.57m.
11	5 April 2023	<p>EXL successfully completed the Placement and launched the SPP. EXL received firm commitments for the \$1.25m Placement from new and existing institutional and sophisticated investors. Binding commitments received for \$1.0m in respect of the SPP for eligible shareholders, with the SPP to be fully underwritten subject to shareholder approval. The placement and SPP have an offer price of \$0.018 per ordinary share and have free attaching options on a 1:1 basis, exercisable at \$0.02 and expiring 2 years after issuance.</p> <p>EXL also provided an updated indicative timetable to the market in relation to the scheme with TSN.</p>
12	21 April 2023	EXL announced that it had reached an agreement with TSN to give certain consents and/or waivers to amend the Scheme Implementation Deed which included a number of changes.
13	28 April 2023	Release of Q1 FY23 quarterly update noting quarterly revenue of \$1.7m.
14	20 June 2023	EXL announces to the market that it has agreed to increase the loan facility amount to TSN from \$2.0m to \$2.4m.

Table 15: EXL selected ASX announcements summary

Capital Structure

6.13 As at the date of this Report, EXL has 456,991,368 ordinary shares on issue. This includes shares issued under as a result of the successful completion of the Placement and SPP announced on 5 April 2023 and 24 May 2023, respectively. The top 20 shareholders of EXL as at 16 June 2023 are set out below.

Shareholder	Number	%
RAW WITH LIFE PTY LTD	29,209,217	6.39%
CG NOMINEES (AUSTRALIA) PTY	19,793,004	4.33%
CITICORP NOMINEES PTY LIMITED	16,630,957	3.64%
UBS NOMINEES PTY LTD	13,880,683	3.04%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,856,837	2.59%
INTERDALE PTY LTD	5,479,167	1.20%
MR ASHLEY HARDWICK	5,402,778	1.18%
JASFORCE PTY LTD	5,049,873	1.11%
MR RONALD MICHAEL DUFFICY	4,814,835	1.05%
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	4,291,462	0.94%
D & G HEALTH LLC	4,119,229	0.90%
BNP PARIBAS NOMS PTY LTD <DRP>	3,875,542	0.85%
MRS KELLY DANIELLE VAGG	3,537,770	0.77%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	3,310,939	0.72%
MR MICHAEL ERNEST GRANATA	3,033,334	0.66%
R J & A INVESTMENTS PTY LTD	2,884,723	0.63%
MR MICHAEL FRANK MANFORD	2,777,778	0.61%
MS XIAO LAN WANG	2,774,041	0.61%
KANEDEN ENTERPRISES PTY LTD	2,750,000	0.60%
MERRILL LYNCH (AUSTRALIA)	2,559,430	0.56%
	148,031,599	32.39%
Other shareholders	308,959,769	67.61%
Total	456,991,368	100.00%

Source: EXL Shareholder Register

Table 16: EXL top 20 shareholders

6.14 At the date of this Report, EXL also had 26,066,931 Performance Rights on issue. Upon satisfaction of various vesting and employment conditions, each performance right will, at EXL's election, convert into an EXL Share on a one-for-one basis or entitle the participant to receive in cash to the value of an EXL Share at the EXL Board's discretion in lieu of an allocation of shares. Further details of the EXL Performance Rights are set out in Appendix F.

6.15 Following the completion of the SPP, EXL currently has 131,000,001 options to acquire shares on issue. The options have an exercise price of \$0.02, with an expiry date of 7 June 2025.

7. Valuation Approach

Valuation methodologies

- 7.1 In assessing the Fair Value of an ordinary TSN Share on a control basis, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:
- the discounted cash flow (“DCF”) method and the estimated realisable value of any surplus assets;
 - the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
 - the amount which would be available for distribution on an orderly realisation of assets;
 - the quoted price for listed securities; and
 - any recent genuine offers received.
- 7.2 We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market Based Methods

- 7.3 Market based methods estimate Fair Value by considering the Fair Value of a company’s securities or the Fair Value of comparable companies. Market based methods include:
- the quoted price for listed securities; and
 - industry specific methods.
- 7.4 The recent quoted price for listed securities method provides evidence of the Fair Value of a company’s securities where they are publicly traded in an informed and liquid market.
- 7.5 Industry specific methods usually involve the use of industry rules of thumb to estimate the Fair Value of a company and its securities. Generally, rules of thumb provide less persuasive evidence of the Fair Value of a company than other market-based valuation methods because they may not account for company specific risks and factors.

Income Based Methods

- 7.6 Income based methods estimate value by calculating the present value of a company’s estimated future stream of earnings or cash flows. Income based methods include:
- discounted cash flow methods; and
 - capitalisation of future maintainable earnings.
- 7.7 The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company’s cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

-
- 7.8 The capitalisation of maintainable earnings methodology estimates the Fair Value of a business as being the product of a company's Future Maintainable Earnings ("FME") multiplied by an appropriate earnings multiple. The methodology is commonly applied where earnings are stable and a FME stream can be established with a degree of confidence. Capitalisation multiples can be applied to either estimates of future maintainable operating cash flows, EBITDA, EBIT or net profit after tax. The earnings from any non-trading surplus assets are excluded from the estimate of FME and the value of such assets is separately added to the value of the business in order to derive the total value of the company. The appropriate multiple to be applied is usually derived from an analysis of stock market trading multiples of comparable companies (which do not include a control premium) and the implied multiples paid in comparable transactions (which include a control premium).

Asset based methods

- 7.9 Asset based methodologies estimate the Fair Value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods include:
- orderly realisation of assets method;
 - liquidation of assets method; and
 - net assets on a going concern basis.
- 7.10 The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.
- 7.11 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame, reflecting a distressed liquidation value. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method and is appropriate for companies in financial distress or when a company is not valued on a going concern basis.
- 7.12 The net assets on a going concern method estimates the Fair Values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

Selection of Valuation Methodologies

Valuation of a TSN Share prior to the Scheme

Primary Methodology

- 7.13 In valuing a share in TSN prior to the Scheme we have utilised the net assets on a going concern methodology as our primary methodology.
- 7.14 Our valuation methodology adopted for assessing the Fair Value of a TSN Share prior to the Scheme was selected on the following basis:
- RG111 states that an expert should not include prospective information (including forecasts and projections) or any other statements or assumptions about future matters (together, "forward-looking information") in its report unless there are reasonable grounds for the forward-looking information. Therefore, in our opinion, the DCF methodology cannot be used, as we do not consider that the future cash flows of TSN can be forecast with a sufficient degree of confidence to meet the reasonable grounds requirements of RG111; and
 - the FME approach is not considered appropriate as TSN is currently loss making. Therefore, we do not have reasonable grounds from which to base a future maintainable earnings figure.

Quoted Price of Listed Securities – Secondary Methodology

- 7.15 Prices at which a company's shares have been traded on the ASX can, in the absence of low liquidity or unusual circumstances, provide an objective measure of the value of the company, excluding a premium for control.
- 7.16 TSN's shares were suspended from trading from 18 May 2022 to 5 January 2023. Consequently, we have not been able to apply a secondary methodology in our valuation of TSN's Shares Prior to the Scheme as we have not been able to observe any recent trading in TSN's Shares prior to the Scheme.

Valuation of the Consideration offered per TSN Share immediately after the Scheme

Valuation of EXL

- 7.17 In order to assess the Fair Value of the consideration offered per TSN Share immediately after the Scheme, it is necessary to assess the Fair Value of a 100% equity interest in EXL.

Primary Methodology

- 7.18 In valuing a 100% equity interest in EXL, we have utilised the net assets on a going concern methodology as our primary methodology.
- 7.19 Our valuation methodology adopted for assessing the Fair Value of a 100% equity interest in EXL was selected on the following basis:
- as set out above, RG111 states that an expert should not include forward-looking information in its report unless there are reasonable grounds for the forward-looking information. Therefore, in our opinion, the DCF methodology cannot be used, as we do not consider that the future cash flows of EXL can be forecast with a sufficient degree of confidence to meet the reasonable grounds requirements of RG111; and
 - the FME approach is not considered appropriate as EXL is currently loss making. Therefore, we do not have reasonable grounds from which to base a future maintainable earnings figure.

Quoted Price of Listed Securities – Secondary Methodology

- 7.20 Prices at which a company's shares have been traded on the ASX can, in the absence of low liquidity or unusual circumstances, provide an objective measure of the value of the company, excluding a premium for control.
- 7.21 As a secondary methodology, we have utilised the quoted market price by considering the historical VWAP of an EXL share and the volatility of the share price prior to the announcement of the Scheme.

Valuation of the Merged Group

- 7.22 To assess the fairness of the Scheme Consideration, we have assessed the Fair Value of a share of the Merged Group immediately after the implementation of the Scheme. The Fair Value of the Merged Group is based on the combined Fair Values of TSN and EXL immediately following the Scheme, adjusted for a minority interest discount to reflect the fact that approval of the Scheme will result in Shareholders of TSN acquiring a 25.3% interest in EXL, and adjusted to reflect other applicable aspects of the Scheme.
- 7.23 On the basis that Shareholders are being offered 1.1225 EXL Shares per ordinary TSN Share, the assessed value per share in the Merged Group has been adjusted by this ratio in the calculation of the Fair Value of the consideration offered per TSN Share.

8. Valuation of The Sustainable Nutrition Group Ltd

8.1 As stated in paragraph 7.13 we have assessed the value of a Share in TSN prior to the Scheme on the basis of the Fair Value of its underlying assets on a going concern basis.

Net Assets on a Going Concern Basis

8.2 Our assessment of the Fair Value of TSN's net assets is shown in the table below, based on the unaudited financial position of TSN as at 30 April 2023.

The Sustainable Nutrition Group Ltd	As at 30-Apr-23 \$'000	Ref	Adjustments \$'000	Assessed Value prior to the Scheme \$'000
Current assets				
Cash and cash equivalents	146		-	146
Trade and other receivables	406		-	406
Inventory / work in progress	3,508		-	3,508
Prepayments	65		-	65
Total current assets	4,125		-	4,125
Non-current assets				
Property, plant and equipment	776		-	776
Intangibles	908		-	908
Lease right-of-use asset	101	8.3	(101)	-
Other non-current assets	947		-	947
Total non-current assets	2,732		(101)	2,631
Total assets	6,857		(101)	6,756
Current liabilities				
Trade and other payables	1,220		-	1,220
Borrowings	1,815		-	1,815
Provisions	110		-	110
Lease liabilities	74	8.3	(74)	-
Potential dilutionary impact of options	-	8.4	-	-
Total current liabilities	3,218		(74)	3,145
Non-current liabilities				
Borrowings	903		-	903
Lease liabilities	39	8.3	(39)	-
Provisions	30		-	30
Total non-current liabilities	972		(39)	933
Total liabilities	4,190		(112)	4,078
Assessed Fair Value of Net Assets	2,666		12	2,678
Number of shares on issue	140,763	8.5	(7,360)	133,402
Assessed Fair Value per share (controlling basis)	\$0.0189			\$0.0201

Source: The Sustainable Nutrition Group Limited Management Accounts and RSM calculations

Table 17: Assessed Value of TSN on a Net Assets Basis (Prior to the Scheme)

8.3 TSN reported ROU assets and total lease liabilities of \$101k and \$112k as at 30 April 2023, respectively. We have excluded both the ROU assets and lease liabilities from our assessment of the Fair Value of a Share in TSN on the basis that, absent of any impairment of the ROU assets, or leases being at non-market rates, we consider that a market participant would value the ROU assets and corresponding lease liabilities at the same value.

- 8.4 As listed in Table 9, as the date of this Report, TSN has 420,000 Performance Rights and 15,480,438 unlisted options on issue. We have assessed and included the dilutionary impact of the Performance Rights and options as \$nil in our assessment of the Fair Value of a TSN Share prior to the Scheme. Details on the assumptions and inputs we have used to value the potential dilutionary impact of the Performance Rights and options are set out in Appendix E.
- 8.5 As set out in Table 8, TSN had 140,762,900 shares on issue as at 27 April 2023. Included within the shares on issue are 7,360,406 shares held by Pauline Gately under a restriction agreement whereby these shares will only vest upon successful completion of the Scheme. If the Scheme is not approved, Ms Gately has agreed to dispose of these shares as directed by the TSN Board including by way of a buy-back for no consideration. On this basis, we have eliminated the shares held under this restriction agreement in determining the number of TSN Shares prior to the Scheme.
- 8.6 We are not aware of any other indicators that the book value of assets and liabilities of TSN differ materially from their Fair Value.
- 8.7 Based on the above, our assessed value of a TSN Share prior to the Scheme is therefore \$0.0201.
- 8.8 The methodology applied represents the value of a controlling shareholding. Accordingly, we consider the value generated under the net assets on a going concern basis to already incorporate a premium for control and no further premium is considered necessary to assess the value of an TSN Share on a control basis.
- 8.9 We note that our assessed value of a TSN Share prior to the Scheme has been expressed as a single point value, rather than a range. This has arisen as a result of us only being able to assess the Fair Value of a TSN Share using a single valuation methodology, being the Net Assets on a Going Concern Methodology.

Valuation of TSN Options

Binomial valuation

- 8.10 The table below sets out the assumptions utilised to assess the Fair Value of each of the TSN Options prior to the Scheme.
- 8.11 The assumptions utilised are consistent with those set out in Appendix E.

Inputs	TSNAR	TSNAJ	TSNAE	TSNAF	TSNAG	TSNAH
Number of options	11,750,008	562,430	668,000	833,334	833,333	833,333
Valuation date	16-Jun-23	16-Jun-23	16-Jun-23	16-Jun-23	16-Jun-23	16-Jun-23
Expiry date	31-Jul-23	22-Oct-24	22-Oct-23	31-Dec-23	31-Dec-23	31-Dec-23
Exercise price	\$0.2600	\$0.4500	\$0.2600	\$0.4500	\$0.5500	\$0.6500
Initial share price	\$0.0164	\$0.0164	\$0.0164	\$0.0164	\$0.0164	\$0.0164
Maximum option life in years	0.12	1.35	0.35	0.54	0.54	0.54
Assessed volatility	100%	100%	100%	100%	100%	100%
Risk free rate	4.16%	4.16%	4.16%	4.16%	4.16%	4.16%
Dividend yield	0%	0%	0%	0%	0%	0%
Vesting period (years)	0	0	0	0	0	0
Early exercise factor	2.50	2.50	2.50	2.50	2.50	2.50

Table 18: Valuation of each of the TSN Options on issue - Assumptions

- 8.12 Based on the above assumptions, we have assessed the Fair Value of each of the TSN Options prior to the Scheme to be \$Nil per Option.²

² In assessing the Fair Value of the TSN Options, we have rounded the outputs of the binomial model to 3 decimal places on the basis that we consider any hypothetical value beyond 3 decimal places would not be considered by a buyer under the definition of Fair Value. This is consistent with the trading prices of equivalent ASX listed Options which have traded prices quoted to 3 decimal places.

9. Valuation of Elixinol Wellness Ltd

- 9.1 In order to determine whether the consideration offer by EXL (scrip for scrip) is fair and reasonable, we have valued an EXL Share (controlling basis) utilising the net assets on a going concern methodology and relied upon the net book value of assets and liabilities as set out in EXL's unaudited consolidated statement of financial position as at 30 April 2023.
- 9.2 As a secondary method of valuing an EXL Share prior to the Scheme (controlling basis) we have also considered the quoted price for listed securities methodology.

Valuation of an EXL Share prior to the Scheme

Net Assets on a Going Concern Basis

- 9.3 Our assessment of the Fair Value of EXL's net assets is shown in the table below, based on the unaudited financial position of EXL as at 30 April 2023.

Elixinol Wellness Limited	As at 30-Apr-23 \$'000	Ref	Adjustments \$'000	Assessed Value prior to the Scheme \$'000
Current assets				
Cash and cash equivalents	2,621	9.4	928	3,549
Trade and other receivables	1,006		-	1,006
Inventory / work in progress	1,777		-	1,777
Other current assets	494		-	494
Total current assets	5,898		928	6,826
Non-current assets				
Property, plant and equipment	343		-	343
Intangibles	153		-	153
Lease right-of-use asset	601	9.7	(601)	-
Other non-current assets	4,791	9.6	-	4,791
Total non-current assets	5,888		(601)	5,287
Total assets	11,786		327	12,113
Current liabilities				
Trade and other payables	1,046		-	1,046
Contract liabilities	-		-	-
Borrowings	179		-	179
Provisions	226		-	226
Lease liabilities	670	9.7	(676)	(6)
Other current liabilities	829		-	829
Potential dilutionary impact of Options	-	9.9	991	991
Potential dilutionary impact of Performance Rights	-	9.8	273	273
Total current liabilities	2,950		588	3,538
Non-current liabilities				
Borrowings	250		-	250
Lease liabilities	375	9.7	(424)	(49)
Provisions	69		-	69
Total non-current liabilities	694		(424)	270
Total liabilities	3,644		164	3,808
Assessed Fair Value of Net Assets	8,142		163	8,305
Number of shares on issue	398,436	9.4, Table 20	58,556	456,991
Assessed Fair Value per share (controlling basis)	\$0.0204			\$0.0182

Source: Elixinol Wellness Limited CYTD23 unaudited management accounts and RSM calculations

Table 19: Assessed Value of EXL on a Net Assets Basis

- 9.4 EXL completed the SPP on 24 May 2023, raising a total of \$1.0m (before costs). The capital raising costs were assessed at \$72k. Accordingly, we have added the net proceeds from the SPP in our assessment of the Fair Value of EXL as at 30 April 2023.
- 9.5 The table below sets out the reconciliation of the number of shares on issue as at 30 April 2023 compared to the number of EXL shares on issue as a result of the SPP (and prior to the Scheme).

EXL Shares on issue prior to the Scheme	
Shares on issue as at 30 April 2023	398,436
Shares issued from SPP	55,556
Shares issued to Cannacord as consideration for underwriting EXL SPP	3,000
Total EXL Shares on issue prior to the Scheme	456,991

Source: EXL Share Register and EXL ASX Announcements

Table 20: EXL shares on issue prior to the Scheme

- 9.6 Other non-current assets included \$2.9m in relation to the equity accounted investment value of EXL's 25.43% equity interest in Altmed Pets LLC. We note that in FY20, EXL recorded a \$4.7m impairment in relation to the recorded value of its investment in Altmed Pets LLC. EXL undertook a further impairment assessment of this investment at 31 December 2021 and 31 December 2022, and no further net impairments were recorded. Based on the above, we have adopted the reported book value of EXL's investment in Altmed Pets LLC as being representative of Fair Value
- 9.7 EXL reported ROU assets and lease liabilities of \$0.6m and \$1.0m at 30 April 2023, respectively, resulting in a net liability of \$0.4m related to leases. We have excluded both the ROU assets and lease liabilities from our assessment of the Fair Value of a Share in EXL on the basis that, absent of any impairment of the ROU assets, or leases being at non-market rates, we consider that a market participant would value the ROU assets and corresponding lease liabilities at the same value.
- 9.8 As noted in paragraph 6.14, as at the date of this Report, EXL has 26,066,931 Performance Rights on issue. Upon satisfaction of various vesting and employment conditions, each performance right will, at the Company's election, convert into an EXL Share on a one-for-one basis or entitle the participant to receive in cash to the value of an EXL Share at the EXL Board's discretion in lieu of an allocation of shares. We have assessed and included the dilutionary impact of the Performance Rights in our assessment of the Fair Value of an EXL Share prior to the Scheme. Details on the assumptions and inputs we have used to value the potential dilutionary impact of the Performance Rights are set out in Appendix F.
- 9.9 EXL also has 131,000,001 options on issue. We have assessed and included the dilutionary impact of the Options in our assessment of the Fair Value of an EXL Share prior to the Scheme under the two scenarios. Details on the assumptions and inputs we have used to value the potential dilutionary impact of the Options are set out in Appendix G.
- 9.10 We are not aware of any other indicators that the book value of assets and liabilities of EXL differ materially from their Fair Value.
- 9.11 The methodology applied represents the value of a controlling shareholding. Accordingly, we consider the value generated under the net assets on a going concern basis to already incorporate a premium for control and no further premium is considered necessary to assess the value of an EXL Share on a control basis.
- 9.12 Based on the above, our assessed value of an EXL share prior to the Scheme on a control basis is \$0.0182 per Share.

Valuation of an EXL share (Quoted price of listed securities methodology)

- 9.13 As a secondary methodology to our valuation of an EXL Share under the net assets on a going concern basis, we have also assessed the Fair Value of an EXL Share based on the quoted market price of listed securities methodology.

9.14 The assessment only reflects trading prior to the announcement of the Scheme in order to avoid the influence of any movement in price that occurred as a result of the announcement.

Analysis of trading in EXL Shares prior to the scheme

9.15 The figure below sets out a summary of EXL's closing share prices and traded volumes in the year to 28 November 2022, being the last day EXL shares traded prior to the announcement of the Scheme. The assessment reflects trading prior to the announcement in order to avoid the influence of any movement in price that may have occurred as a result of the announcement of the Scheme.

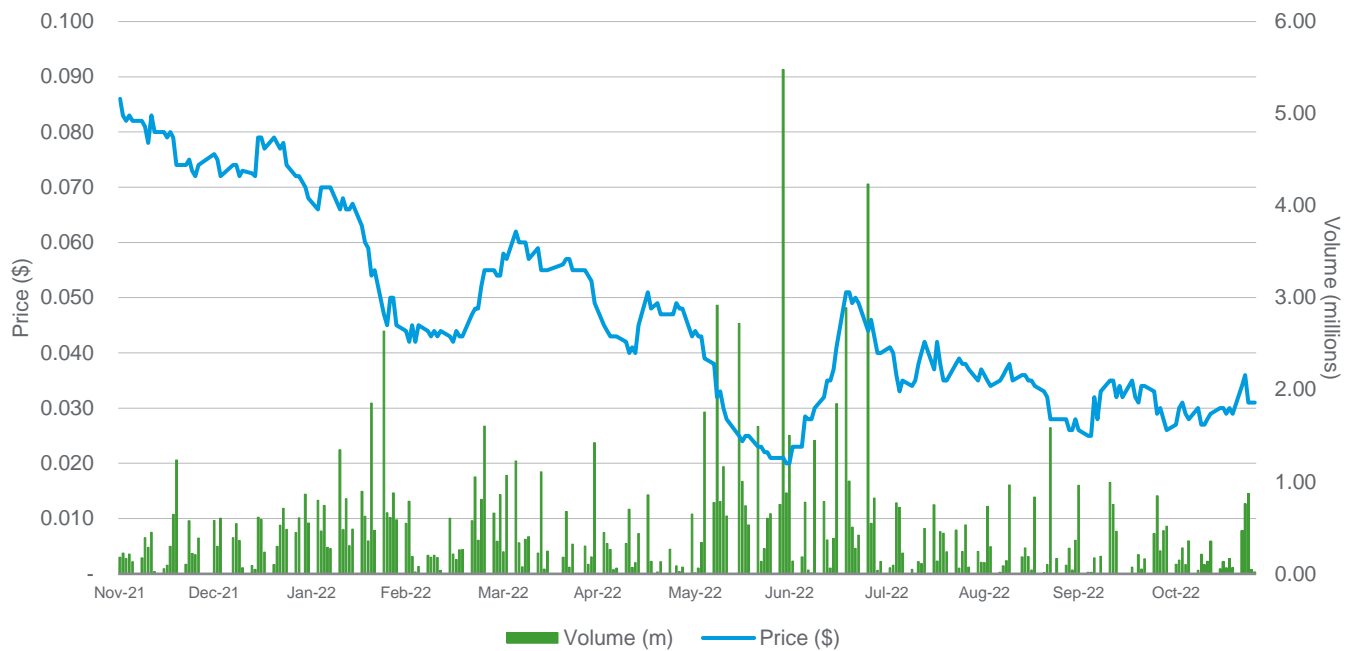


Figure 6: EXL recent Share price volume (Source: S&P Capital IQ)

9.16 RG 111.62 indicates that in order for the quoted market share price methodology to represent a reliable indicator of Fair Value, there needs to be an active and liquid market for the securities. The following characteristics may be considered to be representative of a liquid and active market:

- regular trading in the company's securities;
- approximately 1% of a company's securities traded on a weekly basis;
- the bid/ask spread of a company's shares must not be so great that a single majority trade can significantly affect the market capitalisation of the company; and
- there are no significant but unexplained movements in the share price.

9.17 To provide further analysis of the quoted market prices for EXL’s shares, we have considered the Volume Weighted Average Price (“VWAP”) for the 5, 10, 30, 60, 90, 120, and 180 calendar days prior to 29 November 2022, as summarised in the table below.

Calendar days	Share price Low \$	Share price High \$	No. of days traded	Volume traded	Value traded \$	VWAP \$	Percentage of issued capital %
5 days	0.028	0.031	3	598,850	16,958	0.028	0.19%
10 days	0.028	0.036	6	2,698,170	87,243	0.032	0.85%
30 days	0.026	0.036	21	4,999,400	153,755	0.031	1.58%
60 days	0.025	0.036	42	11,591,370	356,988	0.031	3.67%
90 days	0.025	0.038	63	18,121,620	569,585	0.031	5.73%
120 days	0.025	0.042	85	24,570,240	808,056	0.033	7.77%
180 days	0.020	0.051	126	66,741,840	2,184,270	0.033	21.11%

Source: Capital IQ and RSM analysis

Table 21: VWAP of EXL’s shares

9.18 As set out in the table above, the VWAP of EXL’s Shares fluctuated between \$0.028 and \$0.033 per Share over the 180-day period before the announcement of the Scheme.

9.19 During the 180 days leading up to 28 November 2022, 21.11% of the issued capital of EXL was traded, and in the 60 days leading up to 28 November 2022, 3.67% of the issued share capital of EXL was traded. EXL Shares have been moderately liquid over the period reviewed.

9.20 Of the 126 trading days in the 180 calendar days leading up to the announcement of the Scheme, shares in EXL were traded on all days.

9.21 EXL also complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of EXL.

Value of an EXL Share on a minority basis

9.22 Based on the analysis of the recent trading in EXL’s shares, we have assessed the value of an EXL Share on a minority interest basis, to be in the range of \$0.031 and \$0.033, representing the 30 to 120-day VWAP, respectively.

Premium for control

9.23 Obtaining control of an entity usually provides the acquirer with a number of advantages including the following:

- access to potential synergies;
- control over decision making and strategic direction;
- access to underlying cash flows; and
- control over dividend policies.

9.24 In the case of publicly traded securities, given the advantages control of an entity provides an acquirer, they are usually expected to pay a premium to the quoted market price to achieve control, which is often referred to as a control premium. Consequently, earnings multiples for listed companies do not reflect the Fair Value of a controlling interest in the company as they are derived from market prices which usually represent the buying and selling of non-controlling portfolio holdings (small parcels of shares).

9.25 RSM has conducted a study on 605 takeovers and schemes of arrangements involving companies listed on the ASX over the 15.5 years ended 31 December 2020 ("RSM Control Premium Study 2021"). In determining the control premium, RSM compared the offer price to the closing trading price of the target company 20, 5 and 2 trading days pre the date of the announcement of the offer. Where the consideration included shares in the acquiring company, RSM used the closing share price of the acquiring company on the day prior to the date of the offer. The findings are summarised in the table below, showing the average control premiums paid 20, 5 and 2 days prior to announcement of a transaction, which are applied at the equity level.

	No of Transactions	20 days pre	5 days pre	2 days pre
Average control premium (all industries)	605	34.7%	29.2%	27.1%

Source: RSM Control Premium Study 2021

Table 22: RSM Control Premium Study 2021

- 9.26 Our study concluded that on average, control premiums in takeovers and schemes of arrangements involving Australian companies were in the range of 25% to 35% at the equity level.
- 9.27 The control premium is calculated based on each entities' equity value. Therefore, assessment of the control premium for a particular entity must have regard to that entity's net cash or net debt position.
- 9.28 On the basis of the above and having regard to EXL's net cash position we believe that a premium for control in the range of 20% to 25% is appropriate in assessing the value of a controlling interest in EXL.
- 9.29 The table below sets out our assessment of the value in an EXL Share on a controlling basis utilising the quoted price of listed securities methodology.

	Low	High	Preferred
Quoted market price (non-controlling basis)	0.031	0.033	0.032
Control premium	20%	25%	22.5%
Value of an EXL share (controlling basis)	\$0.0372	\$0.0413	\$0.0392

Source: RSM analysis

Table 23: Assessed value of an EXL Share (controlling basis) – Quoted Price of Listed Securities

Valuation summary and conclusion

9.30 A summary of our assessed values of an EXL share on a controlling basis prior to implementation of the Scheme, derived under the two methodologies, is set out in the table below.

	Low	High	Preferred
Net assets on a going concern - primary method	\$0.0182	\$0.0182	\$0.0182
Quoted price of listed securities - secondary method	\$0.0372	\$0.0413	\$0.0392

Source: RSM analysis

Table 24: Valuation of a Share in EXL (controlling basis)

9.31 We note that the assessed Fair Value of an EXL Share utilising the net asset on a going concern methodology is substantially lower than the assessed Fair Value range of an EXL Share utilising the quoted price of listed securities methodology.

9.32 We consider this difference as being attributable to:

- subsequent to the announcement of the Scheme, EXL has continued to generate losses;
- prior to the adjustment for the SPP, the implied value per share of EXL on a net assets on a going concern basis is \$0.0204 (and as of 31 March 2023, prior to the Placement also undertaken at \$0.018 per share, the implied value per share was \$0.0240) (before elimination of ROU assets and lease liabilities). The recent Capital Raising was undertaken at \$0.018 per share, resulting in a dilutionary impact to the assessed value per share in EXL; and
- subsequent to the announcement of the Scheme as well as the Capital Raising, EXL's 5-day VWAP post the announcement of the Scheme declined to \$0.028 and declined further to \$0.013 as at the date of this Report, subsequent to the announcement of the Capital Raising. We consider that the decrease in EXL's VWAP post the announcement of the Scheme was reflective of the dilutionary impact of the Capital Raising undertaken at a discount to EXL's traded share price.

9.33 Taking into account the valuations of an EXL Share utilising both our primary and secondary methodologies, we have concluded the Fair Value of an EXL Share prior to the Scheme on a control basis to be \$0.0186 utilising the Net Assets Methodology.

10. Valuation of the Consideration offered per TSN Share immediately after the Scheme

10.1 As required by RG 111, in order to provide an indication of the value to TSN Shareholders immediately after the Scheme, we have calculated the theoretical value of EXL, including TSN as a wholly owned subsidiary, immediately after the implementation of the Scheme (the Merged Group).

10.2 The table below sets out our assessment of the Fair Value per share of the Merged Group (on a controlling basis) and has been calculated based on the combined fair values of TSN and EXL immediately following the Scheme utilising the Fair Value per Share previously set out in this Report.

	Ref	
Assessed Fair Value per TSN Share (controlling basis) (\$)	8.7	0.0201
Number of shares on issue ('000)	Table 8	133,402
Total Equity Value of TSN (controlling basis) (\$'000)		2,678
Assessed Fair Value per EXL Share (controlling basis) (\$)	9.33	0.0182
Number of shares on issue ('000)	Table 20	456,991
Total Equity Value of EXL (controlling basis) (\$'000)		8,305
Add:		
Less: Estimated costs of the Scheme (\$'000)	Scheme Booklet	(500)
Total Equity Value of Merged Group (controlling basis) (\$'000)		10,483
Number of Shares		
EXL shares on issue ('000)	Table 20	456,991
EXL shares to be issued to Cannacord	10.3	9,036
New EXL Shares issued to TSN Shareholders	10.4	158,164
Total Number of shares on issue in the Merged Group ('000)		624,191
Assessed Fair Value per share in the Merged Group (controlling interest) (\$)		0.0168

Source: RSM analysis

Table 25: Assessed Fair Value of the Merged Group immediately after the Scheme

- 10.3 As a condition precedent of the Scheme, following completion of the Scheme, EXL will assume the obligation under the Canaccord Mandate between TSN and Canaccord to issue Canaccord 9,036,068 EXL Shares immediately post implementation of the Scheme.
- 10.4 The table below sets out our calculation of the net EXL Shares that will be issued to TSN Shareholders taking into account the number of TSN Shares currently on issue, TSN's intention to issue 140,000 TSN Shares in lieu of Performance Rights on issue and the Scheme Consideration ratio of 1.1225 EXL Shares for every TSN Share.

	'000
TSN Shares currently on issue ¹	140,763
TSN Shares to be issued in lieu of Performance Rights	140
Total TSN Shares on issue upon implementation of the Schemes	140,903
Scheme Ratio 1.1225 EXL Shares: 1 TSN Share	1.1225
Total New EXL Shares issued to TSN Shareholders	158,164

Source: RSM analysis

¹ Includes TSN shares held by Pauline Gately which vest upon completion of Scheme

Table 26: Calculation of new EXL Shares issued to TSN Shareholders

- 10.5 The table below sets out our assessment of the value of a share in the Merged Group on a minority interest basis immediately after the Scheme, and the value of the consideration offered per TSN share.

	Ref	Low	High	Preferred
Value per share in the Merged Group (controlling basis)	Table 25	0.0168	0.0168	0.0168
Discount for minority interest	10.6	(20.0%)	(16.7%)	(18.4%)
Fair Value per share in the Merged Group (non-controlling interest)		0.0134	0.0140	0.0137
Multiplied by merger ratio	Scheme Booklet	1.1225	1.1225	1.1225
Fair Value of the Scheme Consideration		\$0.0151	\$0.0157	\$0.0154

Source: RSM analysis

Table 27: Fair Value of the Scheme Consideration (non-controlling basis)

- 10.6 A discount to reflect a minority interest in an entity is the inverse of a control premium. As set out in sections 8 and 9 of this Report, we assessed a suitable control premium for EXL to be in the range of 20% to 25%, the inverse being in the range of 16.7% to 20.0% as presented in the table above.
- 10.7 Based on the above, our assessed value of the consideration offered per TSN Share immediately after the Scheme (on a non-controlling basis and incorporating the Merger Ratio) is in the range of \$0.0151 to \$0.0157, with an assessed value at the preferred of \$0.0154.

11. Is the Scheme Fair to Shareholders

11.1 ASIC RG 111 defines a takeover offer as being fair if the value of the consideration offered under the takeover offer or in this case, the Scheme, is equal to or greater than the value of the securities being the subject of the offer.

11.2 In assessing whether we consider the Scheme to be fair to Shareholders, we have valued a TSN Share prior to the implementation of the Scheme and compared it to the value of the consideration offered per TSN Share immediately after the Scheme, to determine whether a Shareholder would be better or worse off should the Scheme be approved. The consideration offered represents the Fair Value of the equivalent ownership interest per TSN Share in the Merged Group.

11.3 Our assessment is set out in the tables below.

	Low	High	Preferred
Fair Value per TSN Share prior to the Scheme (controlling basis)	\$0.0201	\$0.0201	\$0.0201
Fair Value of the Scheme Consideration (non-controlling basis)	\$0.0151	\$0.0157	\$0.0154

Source: RSM analysis

Table 28: Assessed Fair Value of a TSN Share prior to the Scheme and the Scheme Consideration

11.4 The above comparison for the Scheme is depicted graphically in the figure below.

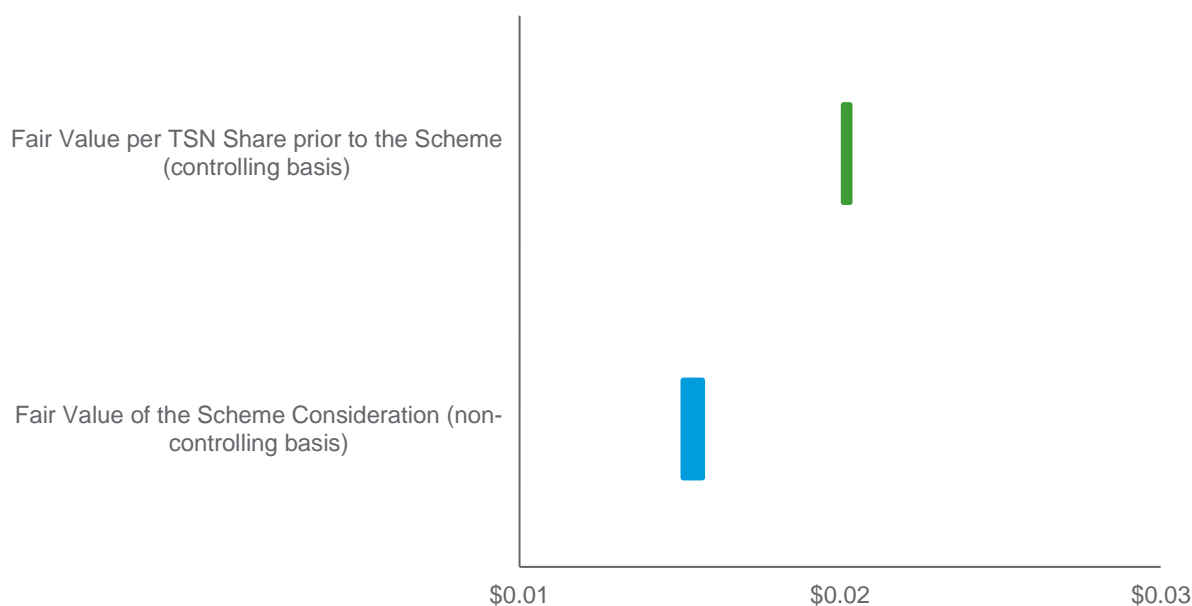


Figure 7: Assessed Fair Value of a TSN Share prior to the Scheme and the Scheme Consideration (Source: RSM Analysis)

11.5 We note that our assessed value of a TSN Share prior to the Scheme has been expressed as a single point value, rather than a range. This has arisen as a result of us only being able to assess the Fair Value of a TSN Share using a single valuation methodology, being the Net Assets on a Going Concern Methodology.

11.6 We have solely utilised the Net Assets on a Going Concern Methodology in our valuation of TSN as we were unable to use other methods comprising an income based method (as we considered that there were no reasonable grounds to include forward looking forecast information for TSN) and the quoted market price of listed securities (due to the timing of the suspension of TSN's shares from trading for several months prior to the announcement of the Scheme and for over a month after the announcement of the Scheme). Accordingly, we were unable to provide a cross check to our primary valuation methodology. There is a risk that the Net Assets

basis does not take into account any upside related to Shareholders' assessment of the future earning potential of TSN.

- 11.7 Notwithstanding the above, we have had regard to TSN's traded share price post the recommencement of trading the Company's Shares, and note that whilst the share price (which may also include the market's response to the announcement of the Scheme) was initially in the range of circa \$0.02 (consistent with the assessed Fair Value on a Net Assets on a Going Concern basis if a control premium was included), the Company's share price has since fallen, with a share price at the date of this Report of \$0.008. We consider the decline in TSN's share price to reflect the going concern issues of the Company in the absence of further successful fundraising activities or the successful completion of the Scheme.
- 11.8 As the Fair Value of the consideration offered per TSN Share immediately after the Scheme is less than the Fair Value of a TSN Share prior to the Scheme, and in the absence of any other relevant information, in our opinion, the Scheme is **not fair** to Shareholders.
- 11.9 Shareholders should be aware that our assessment of the value per EXL Share post the Scheme does not necessarily reflect the price at which EXL Shares will trade if the Scheme is completed. The price at which EXL Shares will ultimately trade at depends on a range of factors including the liquidity of EXL Shares, macro-economic conditions, the underlying performance of the EXL business and the supply and demand for EXL shares.

12. Consideration of Reasonableness of the Scheme

- 12.1 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of a higher bid. We consider and outline in this Section of the Report an analysis of other factors which are likely to be relevant to Shareholders in their assessment of the Scheme.

Future Prospects of TSN if the Scheme is not approved

- 12.2 In the event the Scheme is not approved, TSN will continue to operate as a listed company and continue to pursue its current strategy of development of its current products and its e-commerce retail operations.
- 12.3 However, as the Company is currently loss making, the Company will likely need further working capital funding to continue to operate in the short to medium term and various strategic options to raise capital or to cut costs may be pursued by the Directors of TSN. Options being considered by the Directors of TSN include:
- pursuing alternative financing through a Convertible Note or other financing instrument;
 - divestment of a division of the Company;
 - liquidation of excess hemp inventory (at close to cost) rather than retaining for in house use through to the next harvest in June 2024; and
 - reduction in operating costs by potentially combining operations with a smaller entity.

Advantages of approving the Scheme

12.4 TSN's Directors have unanimously recommended that Shareholders vote in favour of the Scheme in the absence of a Superior Proposal (as defined in the Scheme Booklet).

12.5 The key advantages of the Scheme are:

Advantage	Details
Internalisation of loan facility and access to further funding	<p>Separate to the Scheme, EXL has provided a loan of up to \$2.4m to the Company (of which \$2.0m was drawn down as of 22 June 2023). Completion of the Scheme will result in this loan being an internal intra-group entity loan.</p> <p>In the absence of the completion of the Scheme, TSN will be required to repay this loan to EXL and will likely need to seek alternative sources of funds to make this repayment.</p> <p>Furthermore, as at 30 April 2023, EXL disclosed cash and cash equivalents of \$2.6m, and subsequently, raised \$1.0m (before costs) under the SPP. Therefore, EXL has further funds available to fund ongoing working capital of the Merged Group for the short to medium term.</p>
Diversification	The Scheme will expose Shareholders to a more diversified larger entity. Whilst EXL has products that are similar to and complementary to TSN's, EXL has a larger global footprint.
Expected synergies	<p>As a result of larger size of the Merged Group, the Merged Group is expected to benefit from a number of synergies through a combination of:</p> <ul style="list-style-type: none"> optimisation of the supply chain in Australia with a larger contract grower network in Australia; increase in the overall number of brands and unique products being sold; sharing of new product and IP development costs to drive cost efficiencies; expansion of the overall distribution network, with opportunities to cross-sell; and increase in size and scale to achieve economies of scale through rationalisation of operations.
Access to capital	The Merged Group will form a larger listed entity with pooled assets from which to fund future opportunities, and there may be greater investor appetite to provide future equity funding to a larger listed entity.

Table 29: Advantages of approving the Scheme

12.6 We note that if the Scheme is not approved the Board of Directors may pursue a number of the above strategies, or alternative strategies may be pursued as they arise, if the Board considers that they present better value to Shareholders.

Disadvantages of approving the Scheme

12.7 The key disadvantages of the Scheme are:

Disadvantage	Details
The Scheme is not fair	The Scheme is not fair to Shareholders.
Dilutionary impact	Shareholders will, collectively, have a diluted ownership of 25.3% in the Merged Group (before the exercise of options or performance rights on issue immediately after the Scheme). This will reduce Shareholders' ability to influence decisions such as the composition of the Board and the acquisition and disposal of assets.

Disadvantage	Details
Change in risk profile	Following completion of the Scheme, there will be a change in the risk profile of the Shares held by Shareholders with the Merged Group having global operations and a larger exposure to the sale of CBD related products. This change in risk profile may not meet some Shareholders' investment strategy.
Ineligible shareholders will not receive shares	Should the Scheme be implemented, Ineligible Foreign Shareholders and Relevant Unmarketable Parcel Shareholders will lose their interest in TSN and not receive shares in the Merged Group. The EXL Shares, to which the Ineligible Foreign Shareholders and Relevant Unmarketable Parcel Shareholders would otherwise have been entitled, will be issued to and sold by a sale agent, with the Net Sale Proceeds distributed to those shareholders, notwithstanding that those shareholders may have wished to retain an interest in the Merged Group.

Table 30: Disadvantages of approving the Scheme

The extent to which a control premium is being paid

- 12.8 Our assessment of the Fair Value of the consideration offered per TSN Share is \$0.00154 at the preferred value. This value represents a discount of 23.4% compared to our assessment of the Fair Value of a TSN Share (controlling basis) prior to the Scheme of \$0.0201.
- 12.9 Our assessment of the Fair Value of a TSN Share (controlling basis) prior to the Scheme of \$0.0201 equates to a Fair Value on a non-controlling basis, after applying a discount for minority interest of 16.7% to 20% as discussed in Paragraph 10.6, of \$0.0161 to \$0.0167 per TSN Share. Our assessed Fair Value of the consideration offered per TSN Share (non-controlling basis), therefore, represents a discount of 6.2%, 6.0% and 6.1% at the low, high and preferred value, respectively, compared to the assessed Fair Value of a TSN Share prior to the Scheme on a non-control basis.
- 12.10 Therefore, we do not consider that TSN Shareholders are realising any premium as part of the Scheme. Following the implementation of the Scheme, Shareholders may be able to realise a control premium in the future in the event that the Merged Group is acquired, noting that there is no current expectation or future guarantee that this will happen.

The price of TSN's shares after the announcement of the Scheme

- 12.11 The Scheme was announced to the ASX on 29 November 2022. TSN Shares were suspended from trading since 18 May 2022 and recommenced trading on 6 January 2023. Given the timing between the announcement of the Scheme and the recommencement of trading, we have not been able to directly observe the market's reaction immediately prior to and following the announcement of the Scheme.

Alternative proposals and likelihood of an alternative takeover offer

- 12.12 The Directors have advised us that no formal alternative offers or approaches by potential acquirers have been received prior to the announcement of the Scheme on 29 November 2022.
- 12.13 The alternative to the Scheme is for Shareholders to vote against the Scheme in the hope that they can realise greater value from their investment in TSN either through maintaining TSN as an independent company or through the emergence of a superior proposal to the Scheme. Whilst there is no evidence to suggest that Shareholders would be better off under this alternative, it is possible that an alternative offer may emerge prior to the Scheme Meetings. However, since the announcement of the Scheme on 29 November 2022, we understand that no Superior Proposals have been put forward as the date of this Report.

Liquidity

- 12.14 TSN shares have been suspended from trading since 18 May 2022 to 5 January 2023 and recommenced trading on 6 January 2023. Prior to 18 May 2022, the liquidity of TSN's shares has been low. However, the liquidity of

TSN shares have increased relative to observed volumes prior to the suspension of trading. The table below sets out the VWAP of TSN from 6 January 2023.

Calendar days	Share price Low \$	Share price High \$	No. of days traded	Volume traded	Value traded \$	VWAP \$	Percentage of issued capital %
<i>Calendar days from 6-Jan-23</i>							
5 days	0.026	0.027	3	3,691,490	98,987	0.0268	3.06%
10 days	0.022	0.027	6	5,809,610	146,041	0.0251	4.82%
30 days	0.018	0.027	18	10,746,630	238,295	0.0222	8.91%
60 days	0.017	0.027	37	16,307,290	342,115	0.0210	13.52%
90 days	0.015	0.027	54	18,652,960	380,475	0.0204	14.99%
120 days	0.013	0.027	69	20,098,380	403,284	0.0201	15.64%
165 days	0.007	0.027	96	26,270,720	461,039	0.0175	19.93%

Source: Capital IQ and RSM analysis

Table 31: VWAP of TSN Shares since recommencement of trading from 6 January 2023

12.15 We note that TSN's share price has shown a declining trend since the recommencement of trading in January 2023.

12.16 The Scheme provides Shareholders with an ability to convert their investment in TSN to an investment in EXL. EXL Shares have demonstrated a moderately low level of historical liquidity, albeit at greater volumes than TSN. Whilst the increased size and shareholder base may result in increased interest and liquidity for the Merged Group, Shareholders should be aware that increased liquidity is not guaranteed.

Conclusion

12.17 In the absence of any other relevant information and/or a superior proposal, RSM considers the Scheme to be reasonable to Shareholders. Whilst the assessed Fair Value of the consideration per TSN Share under the Scheme is not equal to or greater than the assessed value of a TSN Share Prior to the Scheme, we consider that there are sufficient reasons for Shareholders to vote in favour of the Scheme in the absence of a higher offer.

12.18 Consequently, we consider that the Scheme is in the best interests of Shareholders.

12.19 An individual Shareholder's opinion in relation to the Scheme may be influenced by their individual circumstances. If in doubt, Shareholders should consult an independent advisor.

Yours faithfully

RSM CORPORATE AUSTRALIA PTY LTD



Andrew Clifford
Director



Glyn Yates
Director



APPENDICES

APPENDIX A - DECLARATIONS AND DISCLOSURES

Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our Report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM Australia) a large national firm of chartered accountants and business advisors.

Andrew Clifford and Glyn Yates are directors of RSM Corporate Australia Pty Ltd. Both Andrew Clifford and Glyn Yates are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This Report has been prepared solely for the purpose of assisting Shareholders in considering the Scheme. We do not assume any responsibility or liability to any party as a result of reliance on this Report for any other purpose.

Reliance on Information

Statements and opinions contained in this Report are given in good faith. In the preparation of this Report, we have relied upon information provided by the Directors and management of TSN, and we have no reason to believe that this information was inaccurate, misleading or incomplete. However, we have not endeavoured to seek any independent confirmation in relation to its accuracy, reliability or completeness. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this Report, none of RSM Corporate Australia Pty Ltd, RSM, Andrew Clifford, Glyn Yates, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM Australia has any interest in the outcome of the Scheme, except that RSM Corporate Australia Pty Ltd are expected to receive a fee of \$70,000 plus GST based on time occupied at normal professional rates for the preparation of this Report. The fees are payable regardless of whether TSN receives TSN Shareholder approval for the Scheme, or otherwise.

Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this Report in the form and context in which it is included with the Notices of Scheme Meetings and Scheme Booklet to be issued to Shareholders. Other than this Report, none of RSM Corporate Australia Pty Ltd, RSM Australia and RSM Australia Partners has been involved in the preparation of the Notices of Scheme Meetings or Scheme Booklet. Accordingly, we take no responsibility for the content of the Notices of Scheme Meetings or the Scheme Booklet.

APPENDIX B – SOURCES OF INFORMATION

In preparing this Report we have relied upon the following principal sources of information:

- The Scheme Booklet;
- TSN audited financial statements for the years ended 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022;
- TSN FY23 half year report;
- TSN management accounts for the 10-months ended 30 April 2023;
- EXL audited financial statements for the years ended 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022;
- EXL management accounts for the 4-months ended 30 April 2023;
- Details of TSN Shareholders;
- TSN share, options and performance rights register;
- EXL share register;
- ASX announcements of TSN and EXL;
- S&P Capital IQ database;
- Connect4 database;
- IBISWorld;
- Information provided to us during correspondence with Directors and management of TSN; and
- TSN and EXL websites.

APPENDIX C – GLOSSARY OF TERMS AND ABBREVIATIONS

Term or Abbreviation	Definition
1HY23	The half-year ended 31 December 2022
\$	Australian Dollar
Act	Corporations Act 2001 (Cth)
AFCA	Australian Financial Complaints Authority
APES	Accounting Professional & Ethical Standards Board
APH	Australian Primary Hemp
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
Cancellation Options	As defined in the Scheme Booklet, the 3,396,422 TSN Options
Capital Raising	Collectively, the Placement and SPP
CBD	Cannabidiol
Company	The Sustainable Nutrition Group Ltd
Control	The power to direct the management and policies of an entity or business enterprise
Control basis or controlling basis	As assessment of the fair value on an equity interest, which assumes the holder or holders have control of the entity in which the equity is held
Control premium	An amount or a percentage by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest in an entity or business enterprise, to reflect the power of control
CYTD23	4-months ended 30 April 2023
Discounted Cash Flow Method (DCF)	A method within the income approach whereby the present value of future expected net cash flows is calculated using a discount rate
EBIT	Earnings, Before, Interest and Tax
EBITDA	Earnings, Before, Interest, Tax, Depreciation and Amortisation
Equity	The owner's interest in property after deduction of all liabilities
EV	Enterprise Value, meaning, the total value of the equity in a business plus the value of its debt or debt-related liabilities, minus any cash or cash equivalents available to meet those liabilities
Excluded Options	As defined in the Scheme Booklet, the 334,000 TSN Options
EXL	Elixinol Wellness Limited
EXL SPP or SPP	The capital raising of \$1.0m in relation to the issue of EXL ordinary shares at an offer price of \$0.018 per share, as announced to the market on 5 April 2023 and completed on 24 May 2023.
EXL Placement or Placement	The capital raising of \$1.25m from new and existing institutional and sophisticated investors at an offer price of \$0.018 per share, as announced to the market on 5 April 2023.
Fair Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FME	Future maintainable earnings
FSG	Financial Services Guide
FYXX	Financial year ended/ending 30 June FYXX or 31 December FYXX, as applicable
Going Concern	An ongoing operating business enterprise
Gross Margin	Total sales minus cost of goods sold, divided by total sales revenue, expressed as a percentage
Gross Profit	Total sales minus cost of goods sold
IER or the Report	This Independent Expert's Report
Ineligible Shareholders	Ineligible Foreign Shareholders or Shareholders owning an Unmarketable Parcel as defined in the Scheme Booklet
k	Thousands
m	Millions
Merged Group	The theoretical value of EXL, including TSN as a wholly owned subsidiary, immediately after the implementation of the Scheme
Minority interest or non-controlling basis	An assessment of the fair value of an equity interest, which assumes the holder or holders do not have control of the entity in which the equity is held
NQ	Not quantified
Option(s)	Unlisted options in TSN

Term or Abbreviation	Definition
Regulations	Corporations Regulations 2001 (Cth)
Report	This Independent Expert's Report prepared by RSM
RG 111	ASIC Regulatory Guide 111 Contents of expert reports
RG 112	ASIC Regulatory Guide 112 Independence of experts
ROU	Right-of-use
RSM	RSM Corporate Australia Pty Ltd
Scheme	The proposed issue of 1.1225 EXL Shares as Consideration Shares to Shareholders in accordance with the terms of the Scheme Booklet to which this Report is attached
Scheme Booklet	Booklet prepared for the Scheme to which this Report is attached
Second Court Hearing Date	The day on which the application is made to the Court for an order pursuant to section 411(4)(b) of the Act approving the Scheme
Share(s)	Fully paid ordinary shares in TSN
Shareholders	TSN shareholders
SID	Scheme Implementation Deed executed by TSN and EXL on 17 May 2023
TASCo	The Australian Super Food Co
TSN	The Sustainable Nutrition Group Ltd ("the Company")
TSN Options	Unlisted options issued by TSN
VWAP	Volume weighted average share price
YTD23	The 10-months ended 30 April 2023

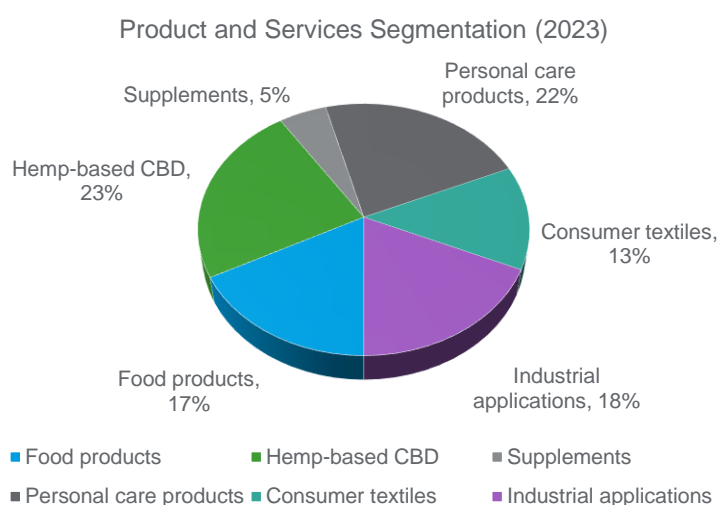
APPENDIX D – INDUSTRY OVERVIEWS

TSN and EXL both operate in the industrial hemp production industry and EXL operates in the CBD product manufacturing industry. We set out below a brief overview of each industry.

Industrial hemp production³

Industry firms grow and harvest cannabis plants with a tetrahydrocannabinol (THC) content of less than 0.3% by weight. Whilst demand for industry products is strong, significant recent expansion of the industry has resulted in an oversupply of hemp and declining prices subduing industry companies' profits. COVID-19 put further strain on the industry as many new entrants were forced to cease operations due to the already low profit margins and high regulations.

The chart below sets out the industry's products and services segmentation by total revenue contribution:



Over the five years to 2026, industry revenue is expected to grow steadily. After the immediate boom in the industry over the past five years, the industry is expected to settle into a more stable position. Companies expecting to turn a fast profit will likely leave the industry and hemp prices will begin to stabilise. Consequently, over the five years to 2028, industry revenue is projected to grow at an annualised rate of 3.9%.

The key external drivers which can influence the industry are:

- aggregate private investment;
- per capita disposable income;
- demand for medical and recreational marijuana growing; and
- per capita expenditure on alcohol.

The industry is considered to be characterised by the following attributes:

- high and increasing levels of competition;
- medium and steady barriers to entry;
- medium capital intensity; and
- medium and increasing levels of globalisation.

Key success factors which can influence the industry are:

- use of high volume/low margin strategy;
- ability to control stock on hand;
- effective product promotion; and

³ IBISWorld Industry Report OD3315 – Industrial Hemp Production, April 2023

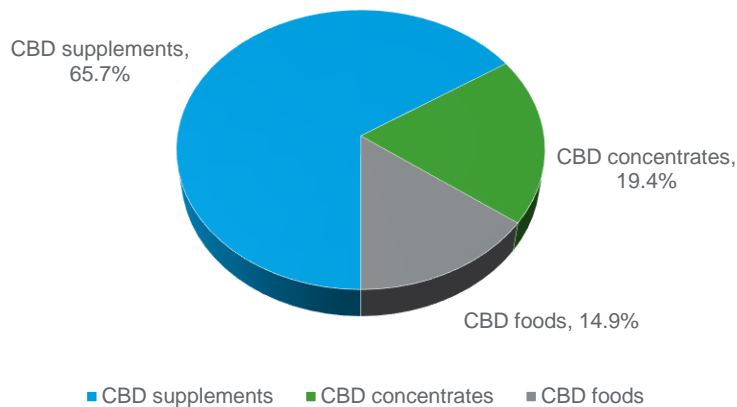
- compliance with government regulations.

CBD product manufacturing⁴

Industry firms use hemp to produce cannabidiol (CBD) oil, which is used to create supplements, foods and concentrates. Over the five years to 2022, the industry has experienced substantial growth, driven primarily by changes in regulation and consumer attitudes towards industry products.

The chart below sets out the industry's products and services segmentation by total revenue contribution:

Product and Services Segmentation (2022)



Industry revenue is expected to continue to increase over the five years to 2027, albeit at a slower rate compared to the previous five years. Increases in per capita disposable income as well as continued consumer acceptance of industry products is expected to support industry growth. Regulations surrounding the industry, however, continue to be a hurdle for industry operators. Over the five years to 2027, industry revenue is expected to increase at an annualised rate of 18.0%.

The key external drivers which can influence the industry are:

- number of adults aged 50 and older;
- external competition;
- regulation; and
- per capita disposable income.

The industry is considered to be characterised by the following attributes:

- high and increasing levels of competition;
- medium and increasing barriers to entry; and
- low and steady levels of globalisation.

Key success factors which can influence the industry are:

- the ability to negotiate successfully with regulators;
- compliance with government regulations;
- the ability to adapt quickly to changing regulations; and
- close monitoring of competition.

⁴ IBISWorld Industry Report OD6172 – CBD Product Manufacturing, April 2022

APPENDIX E – ASSESSMENT OF IMPACT ON FAIR VALUE OF THE POTENTIAL DILUTIVE IMPACT OF TSN OPTIONS AND PERFORMANCE RIGHTS

Performance Rights - Prior to the Proposed Scheme

As at the date of this Report, TSN had 420,000 unlisted Performance Rights on issue which were issued on 26 August 2021.

For any of these Performance Rights to vest, the respective employees must remain continuously employed by TSN until 30 June 2024. In addition, a minimum cumulative annualised revenue growth of 40% is required to be achieved on the consolidated operating revenue of TSN for the period up to and including the 2024 financial year, with the revenue achieving a positive gross margin.

Furthermore, vesting of the Performance Rights is also subject to a Total Shareholder Return (“TSR”) condition whereby TSN’s Total Shareholder Return to 30 June 2024 is compared to a comparison group of companies that comprises the ASX Consumer Staples Index and TSN’s Total Shareholder Return has to be:

- above the 50th percentile of the comparison group for any Performance Rights to vest;
- above the 75th percentile of the comparison group for 100% of the Performance Rights to vest;
- has a pro-rata allocation vesting where the Total Shareholder Return is between the 50th and 75th percentile of the comparison group.

We note that there is no reasonable basis upon which to assess the likeliness of all of the above performance hurdles being achieved. Additionally, achievement of the above vesting hurdles should result in an associated increase in the Fair Value of TSN which would offset the dilutionary impact of the vesting of the Performance Rights and resulting issuance of TSN Shares. Therefore, we have not included any potential dilutionary impact of the Performance Rights in our assessment of the Fair Value of a TSN Share Prior to the Scheme.

Unlisted Options – Prior to the Proposed Scheme

TSN has various unlisted Options on issue. As the options are American Options (may be exercised at any time before the expiration date), we have utilised the binomial options valuation model to enable expected early exercise of the unlisted Options to be factored into the valuation.

The binomial model uses either a binomial or a trinomial distribution process to derive value by separating the total maturity period of the option into discrete periods. When progressing from one time period, or node, to another, the underlying common stock price is assumed to have an equal probability of increasing and/or decreasing by upward and downward price movements.

The key inputs and assumptions we have used in the binomial model to value the potential dilutionary impact of the unlisted Options are set out in the table below.

Inputs	TSNAR	TSNAJ	TSNAE	TSNAF	TSNAG	TSNAH
Number of options	11,750,008	562,430	668,000	833,334	833,333	833,333
Valuation date	16-Jun-23	16-Jun-23	16-Jun-23	16-Jun-23	16-Jun-23	16-Jun-23
Expiry date	31-Jul-23	22-Oct-24	22-Oct-23	31-Dec-23	31-Dec-23	31-Dec-23
Exercise price	\$0.2600	\$0.4500	\$0.2600	\$0.4500	\$0.5500	\$0.6500
Initial share price	\$0.0164	\$0.0164	\$0.0164	\$0.0164	\$0.0164	\$0.0164
Maximum option life in years	0.12	1.35	0.35	0.54	0.54	0.54
Assessed volatility	100%	100%	100%	100%	100%	100%
Risk free rate	4.16%	4.16%	4.16%	4.16%	4.16%	4.16%
Dividend yield	0%	0%	0%	0%	0%	0%
Vesting period (years)	0	0	0	0	0	0
Early exercise factor	2.50	2.50	2.50	2.50	2.50	2.50

Table 32: Key Inputs in the valuation of TSN Options

Valuation date and option life – we have valued the options as at the date of this Report (or as close as practically possible) and accordingly, have calculated remaining option life in years based on the date of this Report to the expiry date under the terms of each of the options on issue.

Exercise price – as per the terms of each of the unlisted Options.

Initial share price – we have adopted a share price of \$0.0164, being our assessment of the Fair Value of a TSN Share prior to the Scheme on a non-controlling basis (applying a similar discount for minority interest as that applied in our assessment of the value of a share in the Merged Group on a non-controlling basis).

Volatility – the volatility of the share price is a measure of the uncertainty about the returns provided by TSN shares. Generally, it is possible to predict future volatility of a stock by reference to its historical volatility. A share with a greater volatility has a greater time component of the total value.

Our assumption is predicated on the fact that historical volatility is representative of expected future volatility.

Based on the above, and, having regard to the liquidity and historical volatility of TSN's shares, we have included a volatility of 100% for TSN in our assessment, based on the average daily share price volatility of TSN for the three years prior to suspension of TSN's shares from trading on 18 May 2022.

Risk free rate – we have determined this based on the yield of 2-year Commonwealth bond rates at 16 June 2023 that cover the period that best match the life of the options as at the respective valuation date as set out above.

Dividend yield – we have utilised a dividend yield of 0% on the basis that TSN has no current plans to declare dividends.

Early exercise factor – Expected early exercise is factored into the valuation by our application of the binomial model. The model incorporates an exercise factor, which determines the conditions under which an option holder is expected to exercise their options. It is defined as a multiple of the exercise price (e.g., 2.5 would mean that on average option holders tend to exercise their options when the stock price reaches 2.5 times the exercise price).

This is considered more reliable than trying to guess the average time to exercise. For example, trying to estimate an average time after which option holders exercise is likely to be inaccurate as during periods when the market is high option holders are more likely to exercise early as opposed to times when the market is low. Using an exercise multiple, which is based on a robust theory of stock price behaviour/distribution overcomes these problems.

We have assumed that the exercise factor for these options is 2.5. There have been a number of historical studies that indicate that option holders early exercise options generally at between 2 to 3 times the exercise price, with the higher multiples generally attributable to more senior employees within the company.

Based on the inputs and assumptions above, our assessed value of the potential dilutionary impact of the unlisted TSN Options prior to the Scheme based on our valuation of TSN utilising the net asset on a going concern methodology are set out in the table below.

Option type	Number	Exercise price (\$)	Value of one instrument (\$)	Total dilutionary impact (\$)
TSNAR - Unlisted Options	11,750,008	\$0.26	\$0.000	\$0
TSNAJ - Unlisted Options	562,430	\$0.45	\$0.000	\$0
TSNAE - Unlisted Options*	668,000	\$0.26	\$0.000	\$0
TSNAF - Unlisted Options	833,334	\$0.45	\$0.000	\$0
TSNAG - Unlisted Options	833,333	\$0.55	\$0.000	\$0
TSNAH - Unlisted Options	833,333	\$0.65	\$0.000	\$0
	15,480,438			\$0

* 334,000 of these unlisted options are the Excluded Options

Table 33: Total dilutionary impact of the unlisted TSN Options

APPENDIX F – ASSESSMENT OF IMPACT ON FAIR VALUE OF THE POTENTIAL DILUTIVE IMPACT OF EXL PERFORMANCE RIGHTS

Performance Rights - Prior to the Proposed Scheme

As at the date of this Report, EXL had 26,066,931 unlisted Performance Rights on issue.

These Performance Rights vest and convert into an EXL share subject to the holder remaining in employment until the relevant vesting date and, fulfilment of the absolute TSR performance hurdles (if applicable) as set out below.

The proportion of TSR share rights that will vest will be determined by reference to the absolute TSR of the Company during the relevant performance period, in accordance with the following vesting schedule:

Company's TSR over the relevant performance period	Percentage of TSR share rights vesting
Below 10%	0% of the TSR share rights will vest
Greater than 10% but less than 20%	40% of the TSR share rights will vest
Equal to or greater than 20%	100% of the TSR share rights will vest

A summary of the performance rights on issue is set out in the table below.

Performance Right	Grant date	Vesting date	Expiry date	Number of rights	Share price baseline for TSR calculation	Performance Conditions
A	30-Jul-20	28-Feb-24	30-Oct-25	62,271	\$0.546	Employee to remain employed at time of vesting and fulfilment of TSR performance hurdle.
B	7-Jul-21	28-Feb-24	7-Oct-26	2,103,570	\$0.182	Employee to remain employed at time of vesting and fulfilment of TSR performance hurdle.
C	7-Jul-21	28-Feb-25	7-Oct-26	280,879	\$0.182	Employee to remain employed at time of vesting and fulfilment of TSR performance hurdle.
D	21-Jan-22	28-Feb-25	21-Apr-27	6,404,971	\$0.073	Employee to remain employed at time of vesting and fulfilment of TSR performance hurdle.
E	21-Jan-22	28-Feb-26	21-Apr-27	1,166,027	\$0.073	Employee to remain employed at time of vesting and fulfilment of TSR performance hurdle.
F	26-Apr-23	30-Sep-23	26-Jul-28	5,582,545	N/A	Employee to remain employed at time of vesting.
G	31-May-23	30-Sep-23	31-Aug-28	1,300,000	N/A	Employee to remain employed at time of vesting.
H	31-May-23	Vests quarterly in FY24	31-Aug-23	3,611,112	N/A	Employee to remain employed at time of vesting.
I	31-May-23	Vests quarterly in FY24	31-Aug-23	5,555,556	N/A	Employee to remain employed at time of vesting.

Table 34: Summary of TSN Performance Rights

We have utilised a monte-carlo option valuation model to assess the Fair Value of the Performance Rights and to take into account the market based TSR vesting conditions.

The monte-carlo model simulates over a large number of iterations the potential prices of EXL's share price using a lognormal distribution to ascertain the probability of the TSR vesting conditions being achieved and the resultant expected pay-off of the value of the Performance Rights that vest.

The key inputs and assumptions we have used in the monte-carlo model to value the potential dilutionary impact of the unlisted Performance Rights are set out in the table below.

Inputs	A	B	C	D	E	F	G	H	I
Number of Performance Rights	62,271	2,103,570	280,879	6,404,971	1,166,027	5,582,545	1,300,000	3,611,112	5,555,556
Grant date	30-Jul-20	7-Jul-21	7-Jul-21	21-Jan-22	21-Jan-22	26-Apr-23	31-May-23	31-May-23	31-May-23
Vesting date	28-Feb-24	28-Feb-24	28-Feb-25	28-Feb-25	28-Feb-26	30-Sep-23	30-Sep-23	Various	Various
Valuation date	16-Jun-23	16-Jun-23	16-Jun-23	16-Jun-23	16-Jun-23	16-Jun-23	16-Jun-23	16-Jun-23	16-Jun-23
Expiry date	30-Oct-25	7-Oct-26	7-Oct-26	21-Apr-27	21-Apr-27	26-Jul-28	31-Aug-28	31-Aug-28	31-Aug-28
Exercise price	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Initial share price	\$0.017	\$0.017	\$0.017	\$0.017	\$0.017	\$0.017	\$0.017	\$0.017	\$0.017
Maximum life in years	2.38	3.31	3.31	3.85	3.85	4.82	4.92	5.21	5.21
Assessed volatility	100%	100%	100%	100%	100%	100%	100%	100%	100%
Risk free rate	4.16%	4.16%	4.16%	4.16%	4.16%	4.16%	4.16%	4.16%	4.16%
Dividend yield	0%	0%	0%	0%	0%	0%	0%	0%	0%
Vesting period (years)	0.70	0.70	1.71	1.71	2.71	0.29	0.29	Various	Various
TSR base price against which vesting condition is measured	\$0.546	\$0.182	\$0.182	\$0.073	\$0.073	N/a	N/a	N/a	N/a

Table 35: Key Inputs in the valuation of EXL unlisted Performance Rights

Valuation date and Performance Rights life – we have valued the Performance Rights as at the date of this Report (or as close as practically possible) and accordingly, have calculated remaining Performance Rights life in years based on the date of this Report to the end of the relevant performance period under the terms of each of the Performance Rights on issue.

Exercise price – as per the terms of each of the unlisted Performance Rights, if vested they convert into an EXL Share for no consideration.

Initial share price – we have adopted a share price of \$0.0170, being our assessment of the Fair Value of an EXL Share prior to the Scheme (without consideration of the potential dilutionary impact of the EXL options and performance rights themselves), on a minority interest basis.

Volatility – the volatility of the share price is a measure of the uncertainty about the returns provided by EXL shares. Generally, it is possible to predict future volatility of a stock by reference to its historical volatility. A share with a greater volatility has a greater time component of the total value.

Our assumption is predicated on the fact that historical volatility is representative of expected future volatility.

Based on the above, and, having regard to the liquidity and historical volatility of EXL's shares, we have included a volatility of 100% for EXL in our assessment, based on the average daily share price volatility of EXL for the three years prior to the date of announcement of the Scheme.

Risk free rate – we have determined this based on the yield of 2-year Commonwealth bond rates at 16 June 2023 that cover the period that best match the life of the Performance Rights as at the respective valuation date as set out above.

Dividend yield – we have utilised a dividend yield of 0% on the basis that EXL has no current plans to declare dividends.

Vesting conditions – the relevant Performance Rights vesting conditions as applicable to each set of Performance Rights have been taken into account in our monte-carlo model valuation.

Based on the inputs and assumptions above, our assessed value of the potential dilutionary impact of the unlisted TSN Performance Rights prior to the Scheme based on our valuation of TSN utilising the net asset on a going concern methodology are set out in the table below.

Performance Right	Grant date	Vesting date	Expiry date	Number of rights	Exercise price (\$)	Value of one instrument (\$)	Total dilutionary impact (\$)
A	30 July 2020	28-Feb-24	30-Oct-25	62,271	\$nil	\$0.000	\$0
B	7 July 2021	28-Feb-24	7-Oct-26	2,103,570	\$nil	\$0.000	\$0
C	7 July 2021	28-Feb-25	7-Oct-26	280,879	\$nil	\$0.000	\$0
D	21 January 2022	28-Feb-25	21-Apr-27	6,404,971	\$nil	\$0.000	\$0
E	21 January 2022	28-Feb-26	21-Apr-27	1,166,027	\$nil	\$0.000	\$0
F	26 April 2023	30-Sep-23	26-Jul-28	5,582,545	\$nil	\$0.017	\$94,903
G	31 May 2023	30-Sep-23	31-Aug-23	1,300,000	\$nil	\$0.017	\$22,100
H	31 May 2023	Various	31-Aug-23	3,611,112	\$nil	\$0.017	\$61,388
I	31 May 2023	Various	31-Aug-23	5,555,556	\$nil	\$0.017	\$94,444
				26,066,931			\$272,835

Table 36: Total dilutionary impact of the unlisted TSN Performance Rights

APPENDIX G – ASSESSMENT OF IMPACT ON FAIR VALUE OF THE POTENTIAL DILUTIVE IMPACT OF EXL OPTIONS

Options – Prior to the Proposed Scheme

Prior to the EXL Placement and Share Purchase Plan, EXL had no issued options. As a result of the EXL Placement and Share Purchase Plan and, as at the date of this report, a number of options have been issued to new and existing institutional and sophisticated investors, existing shareholders and Cannacord. As the options are American Options (may be exercised at any time before the expiration date), we have utilised the binomial options valuation model to enable expected early exercise of the unlisted Options to be factored into the valuation.

The binomial model uses either a binomial or a trinomial distribution process to derive value by separating the total maturity period of the option into discrete periods. When progressing from one time period, or node, to another, the underlying common stock price is assumed to have an equal probability of increasing and/or decreasing by upward and downward price movements.

The key inputs and assumptions we have used in the binomial model to value the potential dilutionary impact of the Options are set out in the table below.

Inputs	EXL Options issued
Number of Options	131,000,001
Valuation date	16-Jun-23
Expiry date	7-Jun-25
Exercise price	\$0.0200
Initial share price	\$0.0170
Maximum life in years	1.98
Assessed volatility	100%
Risk free rate	4.16%
Dividend yield	0%
Vesting period (years)	0
Early exercise factor	2.50

Table 37: Key Inputs in the valuation of EXL Options issued under the Placement and Share Purchase Plan

Number of options – the number of options represents the total number of options issued in relation to the Placement and Share Purchase Plan.

Valuation date and option life – we have valued the options as at the date of this Report (or as close as practically possible) and accordingly, have calculated remaining option life in years based on the date of this Report to the expiry date under the terms of each of the options on issue.

Exercise price – as stated in EXL’s announcement to the market on 5 April 2023 in relation to the Placement and Share Purchase Plan and the SPP underwriting agreement announced to the market on 28 April 2023.

Initial share price – we have adopted a share price of \$0.0170, being our assessment of the Fair Value of an EXL Share prior to the Scheme (without consideration of the potential dilutionary impact of the EXL options and performance rights themselves), on a minority interest basis.

Volatility – the volatility of the share price is a measure of the uncertainty about the returns provided by EXL shares. Generally, it is possible to predict future volatility of a stock by reference to its historical volatility. A share with a greater volatility has a greater time component of the total value.

Our assumption is predicated on the fact that historical volatility is representative of expected future volatility.

Based on the above, and, having regard to the liquidity and historical volatility of EXL’s shares, we have included a volatility of 100% for EXL in our assessment, based on the average daily share price volatility of EXL for the three years prior to the date of the announcement of the Scheme.

Risk free rate – we have determined this based on the yield of 2-year Commonwealth bond rates at 16 June 2023 that cover the period that best match the life of the options as at the respective valuation date as set out above.

Dividend yield – we have utilised a dividend yield of 0% on the basis that EXL has no current plans to declare dividends.

Early exercise factor – Expected early exercise is factored into the valuation by our application of the binomial model. The model incorporates an exercise factor, which determines the conditions under which an option holder is expected to exercise their options. It is defined as a multiple of the exercise price (e.g., 2.5 would mean that on average option holders tend to exercise their options when the stock price reaches 2.5 times the exercise price).

This is considered more reliable than trying to guess the average time to exercise. For example, trying to estimate an average time after which option holders exercise is likely to be inaccurate as during periods when the market is high option holders are more likely to exercise early as opposed to times when the market is low. Using an exercise multiple, which is based on a robust theory of stock price behaviour/distribution overcomes these problems.

We have assumed that the exercise factor for these options is 2.5. There have been a number of historical studies that indicate that option holders early exercise options generally at between 2 to 3 times the exercise price, with the higher multiples generally attributable to more senior employees within the company.

Based on the inputs and assumptions above, our assessed value of the potential dilutionary impact of the EXL Options prior to the Scheme based on our valuation of EXL utilising the net asset on a going concern methodology is set out in the table below.

Options	Number	Exercise price (\$)	Value of one instrument (\$)	Total dilutionary impact (\$)
EXL Options issued under SPP	131,000,001	\$0.02	\$0.0076	\$991,038

Table 38: Dilutionary impact of the EXL Options under each scenario

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RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and consulting firm each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, 2nd Floor, London EC4N 6JJ.

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Annexure C – Scheme Implementation Deed

Dated 28 November 2022

Elixinol Wellness Limited
ABN 34 621 479 794

and

The Sustainable Nutrition Group Ltd
ABN 48 071 666 334

RESTATED SCHEME IMPLEMENTATION DEED

Bird & Bird

Level 22, 25 Martin Place
Sydney NSW 2000 Australia
Telephone: 61 2 9226 9888
www.twobirds.com
Ref: ELIGL.0116

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THIS DEED is made the 28th day of November 2022

BETWEEN

- (1) **Elixinol Wellness Limited** ABN 34 621 479 794 of C/- Company Matters Pty Limited, Level 12, 680 George Street, Sydney NSW 2000 (**Bidder**)
- (2) **The Sustainable Nutrition Group Ltd** ABN 48 071 666 334 of C/- Leydin Freyer, Level 4, 96-100 Albert Road, South Melbourne VIC 3205 (**Target**)

RECITALS

- (A) The parties have agreed that the Bidder will acquire all of the Scheme Shares by means of a scheme of arrangement under Part 5.1 of the Corporations Act between the Target and its shareholders.
- (B) The Target has agreed to propose and implement the Scheme, and the Bidder has agreed to assist the Target to propose and implement the Scheme on the terms of this deed.

OPERATIVE PROVISIONS

1. Definitions and interpretation

1.1 Definitions

The following definitions apply unless the context requires otherwise.

Accounting Standards means:

- (a) the applicable accounting standards made by the relevant regulatory body, and the requirements relating to the preparation and content of accounts; and
- (b) generally accepted accounting principles that are consistently applied, except those inconsistent with the standards or requirements referred to in paragraph (a).

Adviser means, in relation to an entity, a financial, corporate, legal, or other expert adviser or consultant, who provides advisory or consultancy services in a professional capacity in the ordinary course of its business and has been engaged in that capacity in connection with the Transaction by the entity.

ASIC means the Australian Securities and Investments Commission.

Associate has the definition given to that term in section 12 of the Corporations Act, where the “designated body” is the Target or the Bidder (as applicable).

ASX means ASX Limited ABN 98 008 624 691 or, as the context requires, the financial market known as the Australian Securities Exchange operated by it.

ASX Listing Rules means the official Listing Rules of the ASX as amended from time to time.

Bidder Board means the board of directors of the Bidder.

Bidder Break Fee means an amount being the actual third party costs incurred by the Target with respect to the Scheme and implementation of the Target's obligations under this deed (in recognition that the Target will incur substantially higher costs than the Bidder in implementation of the Scheme including but not limited to ASIC fees, Adviser costs, Court fees, Independent Expert fees and the costs in seeking its own Scheme Shareholder approval) but capped at \$271,000 (plus GST);

Bidder Counterproposal has the meaning given in clause 11.4(a)(v).

Bidder Data Room Materials means the Bidder Disclosure Letter and the written information, documents and responses disclosed or made available to the Target or its Representatives by or on behalf of the Bidder on or before 5:00pm on 27 November 2022 in the “EXL Data Room”, an index of which has been initialled for identification by the Bidder’s solicitors on behalf of the Bidder and by the Target’s solicitors on behalf of the Target).

Bidder Disclosure Letter means the letter so entitled from the Bidder provided to the Target on or before the date of this deed and any document identified in that letter as having been disclosed to the Target subject to such document having been Fairly Disclosed in the Bidder Due Diligence Material.

Bidder Due Diligence Material means the Bidder Data Room Materials and any information disclosed by or on behalf of the Bidder Group (including in response to requests for information) to a Target Party, including any written information disclosed to the Target and its Advisers.

Bidder Executive Team means Ronald Dufficy, Group Chief Executive Officer and Managing Director, Teresa Cleary, Group General Counsel & Company Secretary and Josephine Lorenz, Group Chief Financial Officer of the Bidder.

Bidder Group means the Bidder and each of its Subsidiaries (excluding, at any time, the Target and its Subsidiaries to the extent that the Target and its Subsidiaries are Subsidiaries of the Bidder at that time). A reference to a member of the Bidder Group or a Bidder Group Member is a reference to the Bidder or any such Subsidiary.

Bidder Information means information about the Bidder Group provided or approved by Bidder or any of its Advisers to the Target in writing for inclusion in the Scheme Booklet, as required by clauses 5.3(a) and 5.3(g).

Bidder Material Adverse Change means any event, occurrence, circumstance or matter that occurs, is discovered or is announced (each a **Specified Event**) on or after the date of this deed, which has resulted in, or is reasonably likely to result in, either individually or when aggregated with all such events, occurrences, circumstances or matters of a like kind or category:

- (a) a reduction in the consolidated annual operating profit of the Bidder Group by an amount more than \$1,750,000.00 based on the annualised operating profit as calculated on a quarterly basis (calculated in a manner consistent with the Bidder Group’s annual accounts and after taking into account any Specified Event after the date of this deed that has or could reasonably be expected to have a positive effect on consolidated annual operating profit), as compared to what the consolidated annual operating profit of the Bidder Group could reasonably be expected to have been but for Specified Event; or
- (b) a diminution in the consolidated net assets of the Bidder Group by an amount equal to \$1,750,000.00 or more, as compared to what the consolidated net assets of the Bidder Group could reasonably be expected to have been but for the Specified Event,

in each case other than any event, occurrence, circumstance or matter:

- (c) required or expressly permitted by this deed or the Scheme;
- (d) which Target has previously approved or requested in writing;
- (e) to the extent that it was Fairly Disclosed in the Bidder Due Diligence Material or the Bidder Disclosure Letter;
- (f) Fairly Disclosed to ASX within 12 months prior to the date of this deed or Fairly Disclosed in a document lodged with ASIC that is publicly available by or on behalf of Bidder within 12 months prior the date of this deed;

- (g) which would have been Fairly Disclosed to the Target had the Target conducted searches 10 Business Days before the date of this deed of the PPS Register or the public records maintained by the High Court of Australia, the Federal Court of Australia or the Supreme Courts of each Australian State and Territory in relation to the Bidder or a Subsidiary of the Bidder (as relevant);
- (h) arising from an act of terrorism, war (whether or not declared), natural disaster, epidemic, pandemic or adverse weather conditions, cyber security incident or the like after the date of this deed;
- (i) relating to third party costs and expenses incurred by Bidder associated with the Transaction, including any fees payable to external Advisers of Bidder, to the extent such amounts are Fairly Disclosed in the Bidder Due Diligence Material or Bidder Disclosure Letter; or
- (j) arising from the announcement of, or entry into, or performance of obligations under, this deed and consummation of the transactions contemplated by it (including, to the extent it arises out of the entry into or performance of those obligations, the loss of any contract).

Bidder Party means any member of the Bidder Group or any officer, employee or Adviser of any member of the Bidder Group.

Bidder Prescribed Occurrence means the occurrence on or after the date of this deed of any of the occurrences set out in Schedule 3, other than an occurrence:

- (a) required or expressly permitted by this deed or the Scheme;
- (b) to the extent that it was Fairly Disclosed in the Bidder Due Diligence Materials or the Bidder Disclosure Letter;
- (c) to the extent it is Fairly Disclosed in filings of the Bidder with the ASX before the date of this deed or Fairly Disclosed in a document which would be disclosed in a search of ASIC records or the PPS Register or the public records maintained by the High Court of Australia, the Federal Court of Australia or the Supreme Courts of each Australian State and Territory in relation to the Bidder or a Subsidiary of the Bidder (as relevant); or
- (d) with the written consent of the Target.

Bidder Representation and Warranty means a representation and warranty of the Bidder set out in Schedule 1.

Bidder Security Right means a performance right, performance share, warrant, convertible note, instrument, deferred consideration share or other security (or offer or agreement to issue any of the foregoing) that may convert into, or result in the issue of, a Bidder Share, whether granted under the Bidder employee incentive plan(s) or otherwise.

Bidder Share means an issued fully paid ordinary share in the capital of the Bidder.

Bidder Shareholder means a person who is registered as the holder of one or more Bidder Shares from time to time.

Business Day means any day that is each of the following:

- (a) a Business Day within the meaning given in the ASX Listing Rules; and
- (b) a day that banks are open for business in Sydney, Australia, other than a Saturday, Sunday or public holiday.

Canaccord means Canaccord Genuity (Australia) Limited ABN 19 075 071 466.

Canaccord Mandate means the mandate agreement between Canaccord and the Target dated on or about the date of this agreement.

Cancellation Option means 3,396,430 Target Options.

Cancellation Optionholder means a holder of a Cancellation Option.

Claim means in relation to a person, an obligation, debt, demand, claim, action or proceeding made or brought by or against the person, however arising and whether present, unascertained, immediate, future or contingent, whether at law, in equity, under statute or otherwise.

Competing Proposal means any proposal, offer, agreement or transaction, which if entered into or completed, would result in a Third Party (alone or with one or more Associates):

- (a) in the case of the Target:
 - (i) directly or indirectly acquiring a Relevant Interest in, Voting Power, or becoming the holder of, or otherwise having a right to acquire, a legal, beneficial or economic interest in, or control of, 20% or more of Target Shares or more than 50% of the share capital of any material Subsidiary of the Target (including through one or more derivative contracts);
 - (ii) directly or indirectly acquiring control within the meaning of section 50AA of the Corporations Act of the Target or a material Subsidiary of the Target;
 - (iii) directly or indirectly acquiring or becoming the holder of, or otherwise acquiring or having a right to acquire, a legal, beneficial or economic interest in, or control of, all or a substantial part of the Target's business or assets or the business or assets of the Target Group;
 - (iv) otherwise directly or indirectly acquiring or merging with Target or a material Subsidiary of Target; or
 - (v) entering into any agreement, arrangement or understanding requiring the Target to abandon, or otherwise fail to proceed with, the Transaction,

whether by way of takeover bid, members' or creditors' scheme of arrangement, reverse takeover, shareholder approved acquisition or other transaction, capital reduction or buy-back, sale or purchase of shares, other securities or assets, assignment of assets or liabilities, joint venture, dual-listed company structure (or other synthetic merger), deed of company arrangements, any debt for equity arrangement or other transaction or arrangement.

- (b) in the case of the Bidder:
 - (i) directly or indirectly acquiring a Relevant Interest in, Voting Power, or becoming the holder of, or otherwise having a right to acquire, a legal, beneficial or economic interest in, or control of, 20% or more of Bidder Shares or more than 50% of the share capital of any material Subsidiary of the Bidder (including through one or more derivative contracts);
 - (ii) directly or indirectly acquiring control within the meaning of section 50AA of the Corporations Act of the Bidder or a material Subsidiary of the Bidder;
 - (iii) directly or indirectly acquiring or becoming the holder of, or otherwise acquiring or having a right to acquire, a legal, beneficial or economic interest in, or control of, all or a substantial part of the Bidder's business or assets or the business or assets of the Bidder Group;

- (iv) otherwise directly or indirectly acquiring or merging with the Bidder or a material Subsidiary of Bidder; or
- (v) entering into any agreement, arrangement or understanding requiring the Bidder to abandon, or otherwise fail to proceed with, the Transaction,

whether by way of takeover bid, members' or creditors' scheme of arrangement, reverse takeover, shareholder approved acquisition or other transaction, capital reduction or buy-back, sale or purchase of shares, other securities or assets, assignment of assets or liabilities, joint venture, dual-listed company structure (or other synthetic merger), deed of company arrangements, any debt for equity arrangement or other transaction or arrangement.

Conditions Precedent has the meaning given in clause 3.1.

Confidentiality Deed means the confidentiality deed between the Bidder and the Target dated 15 July 2022.

Consideration Share means a fully paid share in the capital of the Bidder, to be issued under the Scheme.

Corporations Act means the *Corporations Act 2001* (Cth), as amended by any applicable ASIC class order, ASIC legislative instrument or ASIC relief.

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

Court means the Federal Court of Australia or such other court of competent jurisdiction under the Corporations Act agreed to in writing between the parties.

Deed Poll means a deed poll in favour of all Scheme Shareholders in the form of Annexure B (or such other form agreed to in writing between the parties to this deed).

Effective when used in relation to the Scheme, means the coming into effect under section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

End Date means the date that is nine months after the date of this deed, being 28 August 2023, or such other date as may be agreed in writing between the Target and the Bidder.

Excluded Options means 334,000 Target Options.

Excluded Optionholder means the holder of the Excluded Options.

Exclusivity Period means the period from and including the date of this deed to the earlier of:

- (a) the termination of this deed; and
- (b) the End Date.

EXL secured loan means the secured loan of up to \$2 million by the Bidder to the Target pursuant to the terms of a facility agreement and a general security deed, each dated on or about the date of this deed.

Fairly Disclosed means disclosed in sufficient detail and with sufficient specificity so as to enable a reasonable and sophisticated recipient of the relevant information who is experienced in mergers and acquisitions transactions involving businesses of the same or similar nature to

the businesses conducted by the Target Group and the Bidder Group to identify and understand the nature and scope of the relevant matter, event or circumstance.

Financial Indebtedness means any debt or other monetary liability (whether actual or contingent) in respect of monies borrowed or raised or any financial accommodation including under or in respect of any:

- (a) bill, bond, debenture, note or similar instrument;
- (b) acceptance, endorsement or discounting arrangement;
- (c) guarantee;
- (d) finance or capital lease;
- (e) agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or business;
- (f) agreement for the deferral of a purchase price or other payment in relation to the provision of services other than in the ordinary course of business of the Target Group or Bidder Group (as applicable); or
- (g) obligation to deliver goods or provide services paid for in advance by any financier.

First Court Date means the first day on which an application made to the Court for orders under section 411(1) of the Corporations Act that the Scheme Meeting be convened is heard or, if the application is adjourned for any reason, the day on which the adjourned application is heard.

German Arbitration Proceedings means the arbitration proceedings numbered DIS-SV-2021-00590 commenced on 8 December 2021 in the German Arbitration Institute between Elixinol B.V. and Mr. Frank Otto and others.

Government Agency means any government or governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world, including ASIC, ASX, the Foreign Investment Review Board, Australian Competition and Consumer Commission and equivalent bodies in jurisdictions outside Australia.

GST means goods and services tax in terms of the GST Act.

GST Act means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

GST Law has the meaning given to that term in the GST Act.

Headcount Test means the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the resolution to approve the Scheme at the Scheme Meeting is passed by a majority in number of Target Shareholders present and voting, either in person or by proxy.

Implementation Date means the fifth Business Day after the Scheme Record Date or such other date agreed to in writing between the Bidder and the Target or as may be required by ASX.

Income Tax Assessment Act means the *Income Tax Assessment Act 1997* (Cth).

Independent Expert means the independent expert appointed by the Target to prepare the Independent Expert's Report.

Independent Expert's Report means a report (including any written updates to such report) of the Independent Expert stating whether or not in its opinion the Scheme is in the best interests of Target Shareholders.

Ineligible Foreign Shareholder means a Scheme Shareholder whose address shown in the Target Share Register as at the Scheme Record Date is a place outside of Australia and its external territories (unless Bidder determines that it is lawful and not duly onerous or impracticable to provide that Scheme Shareholder with Consideration Shares when the Scheme becomes effective).

Ineligible Shareholder means an Ineligible Foreign Shareholder or an Unmarketable Parcel Shareholder.

Ineligible Shares has the meaning given to that term in clause 4.4.

Insolvency Event means, in the case of any entity:

- (a) it ceases, suspends, or threatens to cease or suspend the conduct of all or a substantial part of its business or disposes of or threatens to dispose of all or a substantial part of its assets;
- (b) it stops or suspends, or threatens to stop or suspend, payment of all or a class of its debts;
- (c) it is, or under legislation is presumed or taken to be, insolvent (other than as the result of a failure to pay a debt or Claim the subject of a good faith dispute);
- (d) it has an administrator, controller or similar officer appointed, or any step preliminary to the appointment of such an officer is taken;
- (e) an application or an order is made, proceedings are commenced, or a resolution is passed (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days) for:
 - (i) its winding up, dissolution or administration; or
 - (ii) it entering into an arrangement, compromise or composition with, or assignment for, the benefit of its creditors or a class of them;
- (f) a:
 - (i) receiver, receiver and manager, administrative receiver or similar officer is appointed to;
 - (ii) Security Interest becomes enforceable or is enforced over; or
 - (iii) distress, attachment or other execution is levied or enforced or applied for over, all or a substantial part of its assets; or
- (g) anything analogous to anything referred to in the above paragraphs, or which has substantially similar effect, occurs with respect to it, including under any foreign law.

Net Debt means the cash and cash equivalents belonging to the Target, less Financial Indebtedness, as determined in accordance with the relevant Accounting Standards.

Option Cancellation Agreement means in respect of each Cancellation Option, an agreement between the Target and the Cancellation Optionholder under which, subject to the Scheme becoming Effective, the Cancellation Options held by the Cancellation Optionholder are cancelled.

Order means any decree, judgment, injunction, direction, writ or other order, whether temporary, preliminary or permanent, made or given by a court of competent jurisdiction or by another Government Agency.

Option Swap Agreement means in respect of the Excluded Options, an agreement between the Bidder and the Excluded Optionholder under which, subject to the Scheme becoming Effective, the Excluded Options held by the holder are cancelled and the Excluded Optionholder is issued options in the Bidder conferring the same benefits as reasonably practical as the current Excluded Options issued by the Target.

Performance Rights Agreement means in respect of each Target Performance Right, an agreement between the Target and the holder of Target Performance Rights under which, subject to the Scheme becoming Effective, the Target Performance Rights held by the holder will vest, lapse or be cancelled.

PPS Register means the register established under the PPSA.

PPSA means the *Personal Property Securities Act 2009* (Cth).

Recommendation has the meaning given in clause 7.1(b)(i).

Regulatory Approvals means:

- (a) any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, direction, declaration, authority, waiver, modification or exemption from, by or with a Government Agency; or
- (b) in relation to anything that would be fully or partly prohibited or restricted by law if a Government Agency intervened or acted in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without notification.

Related Body Corporate has the meaning given in the Corporations Act.

Relevant Interest has the meaning given in the Corporations Act.

Representative means, in relation to the Bidder or the Target:

- (a) each other member of the Bidder Group or Target Group (as applicable);
- (b) an officer or employee of a member of the Bidder Group or Target Group (as applicable); or
- (c) an Adviser to a member of the Bidder Group or Target Group (as applicable), but excluding the Independent Expert.

Required Regulatory Approvals has the meaning given in clause 3.3(a).

Retention Conditions means:

- (a) the retention of employment by the Target of a minimum of two of the Target Executive Team;
- (b) the retention of employment by the Bidder of a minimum of two of the Bidder Executive Team; and
- (c) the Bidder has made irrevocable, subject to the implementation of the Scheme, offers of employment in an executive capacity (and no less favourable than their existing arrangements) to the Target Executive Team.

Sale Nominee means the agent appointed by the Target and the Bidder (each acting reasonably and in good faith) in accordance with clause 5.1(y) to sell the Consideration Shares

that are attributable to Ineligible Shareholders under the terms of the Scheme (or any nominee of such person).

Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between the Target and the Scheme Shareholders in the form of Annexure A (or such other form agreed to in writing between the parties to this deed).

Scheme Booklet means the scheme booklet to be prepared by the Target in accordance with clause 5.1(a) and to be approved by the Court and despatched to Target Shareholders and which must include the Scheme, an explanatory statement complying with all applicable laws, including the requirements of the Corporations Act, Corporations Regulations, ASIC Regulatory Guide 60 and the ASX Listing Rules, the Independent Expert's Report, notice of the Scheme Meeting, and a proxy form for the Scheme Meeting.

Scheme Consideration has the meaning given in clause 4.2.

Scheme Meeting means the meeting of Target Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act.

Scheme Record Date means 7:00 pm on the date which is two (2) Business Days after the Effective Date, or such other Business Day agreed in writing between the parties, or as may be required by ASX.

Scheme Shareholder means a person registered in the Target Register as the holder of one or more Scheme Shares as at the Scheme Record Date.

Scheme Shares means the Target Shares on issue as at the Scheme Record Date.

Second Court Date means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned for any reason, the day on which the adjourned application is heard.

Security Interest means any mortgage, charge, pledge, lien, assignment or other security interest or any other arrangement (including a right of set off or combination) entered into for the purpose of conferring a priority, including any security interest as defined in section 51A of the Corporations Act or in the PPSA.

Specified Contract means each of the leases of the premises occupied by the Target Group as at the date of this deed.

Subsidiary has the meaning given in the Corporations Act, provided that an entity will also be taken to be a Subsidiary of another entity if it is controlled by that entity (as "control" is defined in section 50AA of the Corporations Act) and, without limitation:

- (a) a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share;
- (b) an entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation; and
- (c) an entity will also be deemed to be a Subsidiary of an entity if that entity is required by the Accounting Standards to be consolidated with that entity.

Superior Proposal means a bona fide unsolicited written Competing Proposal received by the Target (and not received as a result of a breach by the Target of its obligations under clause 11) after the date of this deed that the Target Board considers, acting in good faith and in order to satisfy what the Target Board considers to be its fiduciary and statutory duties (after having obtained written advice from the Target's legal adviser and financial advisers):

- (a) is reasonably capable of being completed in accordance with its terms; and

- (b) would, if completed substantially in accordance with its terms, result in a transaction that is more favourable to Target Shareholders than the Transaction (as the Transaction may be amended or varied following application of the matching right set out in clause 11.4),

taking into account all material terms and conditions of the Competing Proposal (including consideration, conditionality, funding, certainty and timing) and the identity of the person making it.

Takeovers Panel means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001 (Cth)*.

Target Board means the board of directors of the Target.

Target Break Fee means an amount being the actual third party costs incurred by the Bidder with respect to the Scheme and implementation of the Bidder's obligations under this deed but capped at \$200,000.00 (plus GST).

Target Data Room Materials means the Target Disclosure Letter and the written information, documents and responses disclosed or made available to the Bidder or its Representatives by or on behalf of the Target on or before 5:00pm on 27 November 2022 in the "Project Scoria – TSN Data Room" hosted by TwoBirds Access, an index of which has been initialled for identification by the Target's solicitors on behalf of the Target and by the Bidder's solicitors on behalf of the Bidder).

Target Disclosure Letter means the letter so entitled from the Target provided to the Bidder on or before the date of this deed and any document identified in that letter as having been disclosed to the Bidder subject to such document having been Fairly Disclosed in the Target Due Diligence Material.

Target Director means a director of the Target.

Target Due Diligence Material means the Target Data Room Materials and any information disclosed by or on behalf of the Target Group (including in response to requests for information) to a Bidder Party, including any written information disclosed to the Bidder and its Advisers.

Target Equity Plan means the Employee Incentive Plan issued by the Target.

Target Executive Team means Mitch Costin, Operations Manager and Sarah Jensen, Sales Director of the Target and Natalie Martin, General Manager of The Australian Super Food Company.

Target Group means the Target and each of its Subsidiaries. A reference to a member of the Target Group is a reference to the Target or any such Subsidiary.

Target Information means all information in the Scheme Booklet, including, but not limited to information regarding the Target Group prepared by the Target for inclusion in the Scheme Booklet that explains the effect of the Scheme and sets out the information prescribed by the Corporations Act and the Corporations Regulations but excluding the Bidder Information, the Independent Expert's Report or any description of the taxation effect of the Transaction on Scheme Shareholders prepared by an external adviser to the Target.

Target Material Adverse Change means any event, occurrence, circumstance or matter that occurs, is discovered or is announced (each a **Specified Event**) on or after the date of this deed, which has resulted in, or is reasonably likely to result in, either individually or when aggregated with all such events, occurrences, circumstances or matters of a like kind or category:

- (a) a reduction in the consolidated annual operating profit of the Target Group by an amount more than \$750,000.00 based on the annualised operating profit as calculated on a quarterly basis (calculated in a manner consistent with the Target Group's annual accounts

and after taking into account any Specified Event after the date of this deed that has or could reasonably be expected to have a positive effect on consolidated annual operating profit), as compared to what the consolidated annual operating profit of the Target Group could reasonably be expected to have been but for Specified Event; or

- (b) a diminution in the consolidated net assets of the Target Group by an amount equal to \$750,000.00 or more, as compared to what the consolidated net assets of the Target Group could reasonably be expected to have been but for the Specified Event,

in each case other than any event, occurrence, circumstance or matter:

- (c) required or expressly permitted by this deed or the Scheme;
- (d) which Bidder has previously approved or requested in writing;
- (e) to the extent that it was Fairly Disclosed in the Target Due Diligence Material or the Target Disclosure Letter;
- (f) Fairly Disclosed to ASX within 12 months prior to the date of this deed or Fairly Disclosed in a document lodged with ASIC that is publicly available by or on behalf of Target within 12 months prior the date of this deed;
- (g) which would have been Fairly Disclosed to the Bidder had the Bidder conducted searches 10 Business Days before the date of this deed of the PPS Register or the public records maintained by the High Court of Australia, the Federal Court of Australia or the Supreme Courts of each Australian State and Territory in relation to the Target or a Subsidiary of the Target (as relevant);
- (h) arising from an act of terrorism, war (whether or not declared), natural disaster, epidemic, pandemic or adverse weather conditions, cyber security incident or the like after the date of this deed;
- (i) relating to third party costs and expenses incurred by Target associated with the Transaction, including any fees payable to external Advisers of Target, to the extent such amounts are Fairly Disclosed in the Target Due Diligence Material or Target Disclosure Letter; or
- (j) arising from the announcement of, or entry into, or performance of obligations under, this deed and consummation of the transactions contemplated by it (including, to the extent it arises out of the entry into or performance of those obligations, the loss of any contract).

Target Option means an option to acquire a Target Share.

Target Party means any member of the Target Group or any officer, employee or Adviser of any member of the Target Group.

Target Performance Rights means 420,000 Target performance rights.

Target Prescribed Occurrence means the occurrence on or after the date of this deed of any of the occurrences set out in Schedule 3, other than an occurrence:

- (a) required or expressly permitted by this deed or the Scheme;
- (b) to the extent that it was Fairly Disclosed in the Target Due Diligence Material or the Target Disclosure Letter;
- (c) to the extent it is Fairly Disclosed in filings of the Target with the ASX before the date of this deed or Fairly Disclosed in a document which would be disclosed in a search of ASIC records or the PPS Register or the public records maintained by the High Court of

Australia, the Federal Court of Australia or the Supreme Courts of each Australian State and Territory in relation to the Target or a Subsidiary of the Target (as relevant); or

(d) with the written consent of the Bidder.

Target Register means the register of securityholders of the Target maintained by or on behalf of the Target in accordance with the Corporations Act.

Target Representation and Warranty means a representation and warranty of the Target set out in Schedule 2.

Target Security Right means a performance right, performance share, warrant, convertible note, instrument or other security (or offer or agreement to issue any of the foregoing) that may convert into a Target Share, whether granted under the Target Equity Plan or otherwise.

Target Share means an issued fully paid ordinary share in the capital of the Target.

Target Shareholder means a person who is registered as the holder of one or more Target Shares from time to time.

Third Party means a person other than any member of the Bidder Group or the Target Group (as applicable).

Timetable means the indicative timetable for the implementation of the Transaction set out in Schedule 4, which may be subject to modification.

Transaction means the acquisition of the Scheme Shares by the Bidder through implementation of the Scheme in accordance with the terms of this deed.

Unmarketable Parcel Shareholder means a Scheme Shareholder (other than an Ineligible Foreign Shareholder) who, on the Scheme Record Date, holds less than a marketable parcel (as that term is defined in the ASX Listing Rules) of Target Shares (assessed using the price of Target Shares on ASX at close of trade on the Effective Date).

Voting Power has the meaning given in the Corporations Act.

Voting Statement has the meaning given in clause 7.1(b)(ii).

1.2 Interpretation

Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise.

- (a) Headings and subheadings are for convenience only and do not affect the interpretation of this deed.
- (b) Words denoting the singular include the plural and words denoting the plural include the singular.
- (c) Words importing a gender include any gender.
- (d) Where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase have corresponding meanings.
- (e) The word “person” includes any individual, corporation or other body corporate, partnership, joint venture, trust, association and any Government Agency.
- (f) A reference to a party, clause, schedule or annexure is a reference to a party to, clause of, or schedule or annexure to, this deed.

- (g) A reference to an agreement or document (including a reference to this deed) is to the agreement or document as amended, supplemented, novated or replaced from time to time.
- (h) A reference to a party to this deed or another agreement or document includes the party's successors, permitted substitutes and permitted assigns (and, where applicable, the party's legal personal representatives).
- (i) A reference to legislation or to a provision of legislation includes a consolidation, amendment, re-enactment or replacement of it, and a regulation or other instrument made under it.
- (j) A reference to conduct includes an omission, statement or undertaking, whether or not in writing.
- (k) A reference to an agreement includes any undertaking, deed, agreement and legally enforceable arrangement, whether or not in writing, and a reference to a document includes an agreement (as so defined) in writing and any certificate, notice, instrument and document of any kind.
- (l) A reference to \$ or dollars is to Australian currency.
- (m) A reference to time is a reference to Sydney, Australia time unless otherwise specified.
- (n) Specifying anything in this deed after the terms "include", "including", "includes", "for example", "such as" or any similar expression does not limit the sense of the words, description, definition, phrase or term preceding those terms unless there is express wording to the contrary.
- (o) Nothing in this deed is to be interpreted against a party solely on the ground that the party put forward this deed or a relevant part of it.
- (p) A term as defined in or for the purposes of the Corporations Act has the same meaning when used in this deed unless the context otherwise requires.

1.3 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

1.4 Consents or approvals

If the doing of any act, matter or thing under this deed is dependent on the consent or approval of a party or is within the discretion of a party, the consent or approval may be given or the discretion may be exercised conditionally or unconditionally or withheld by the party in its absolute discretion unless expressly provided otherwise.

1.5 Reasonable or best endeavours

Any provision of this deed that requires a party to use reasonable endeavours or best endeavours to procure that something is performed or occurs or does not occur, does not include any obligation:

- (a) to pay any money or provide any financial compensation, valuable consideration or any other incentive to or for the benefit of any person except for payment of any applicable fee for the lodgement or filing of any relevant application with any Government Agency; or
- (b) to commence any legal action or proceeding against any person,

except where that provision expressly specifies otherwise.

1.6 Listing requirements included as law

An ASX Listing Rule or operating rule of a financial market or of a clearing and settlement facility will be regarded as a law, and a reference to such a rule is to be taken to be subject to any waiver or exemption granted to a party to the compliance of those rules by a party.

2. Agreement to proceed with the Scheme

- (a) The Target agrees to propose the Scheme on and subject to the terms of this deed, and substantially in accordance with the Timetable.
- (b) The Bidder agrees to assist the Target to propose the Scheme, on and subject to the terms of this deed, and substantially in accordance with the Timetable.
- (c) The Target and the Bidder agree to implement the Scheme on and subject to the terms of this deed, and substantially in accordance with the Timetable.

3. Conditions Precedent and pre-implementation steps

3.1 Conditions Precedent to Scheme

Subject to this clause 3, the Scheme will not become Effective, and the respective obligations of the parties in relation to the implementation of the Scheme are not binding, unless each of the following conditions precedent (**Conditions Precedent**) are satisfied or waived in accordance with clauses 3.2 and 3.4:

- (a) (**Orders convening Scheme Meeting**) the Court orders the convening of the Scheme Meeting under section 411(1) of the Corporations Act;
- (b) (**Target Shareholder approval**) Target Shareholders approve the Scheme at the Scheme Meeting by the requisite majorities under section 411(4)(a)(ii) of the Corporations Act;
- (c) (**Independent Expert**) the Independent Expert issues an Independent Expert's Report which concludes that the Scheme is in the best interests of Target Shareholders before the time when the Scheme Booklet is registered with ASIC and does not publicly change or withdraw that conclusion before 8:00am on the Second Court Date;
- (d) (**Court approval**) the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act (either unconditionally and without modification or with modifications or conditions consented to by the Bidder in accordance with clause 3.1(e)) and a copy of those orders is lodged with ASIC as contemplated in section 411(10) of the Corporations Act;
- (e) (**ASIC and ASX consents**): before 8:00am on the Second Court Date, ASIC and ASX issue or provide such consents, waivers and/or approvals which are reasonably necessary to implement the Scheme (noting that if such consents, waivers and/or approvals are subject to conditions those conditions must be acceptable to the Bidder acting reasonably and such consent, waiver and/or approval has not been withdrawn or revoked before 8:00am on the Second Court Date);
- (f) (**Other Governmental Authorities**) before 8:00am on the Second Court Date, the relevant Government Agency issues or provides such consents, waivers, approvals which the Bidder reasonably considers are necessary or desirable to implement the Scheme (noting that if such consents, waivers and/or approvals are subject to conditions those conditions must be acceptable to the Bidder) and such consent, waiver and/or approval has not been withdrawn or revoked before 8:00am on the Second Court Date;

- (g) **(No restraints)** no applicable law, regulation or rule shall have been enacted and no Order shall be in effect as at 8:00am on the Second Court Date (or the intended date for the Second Court Date, but for such law, regulation, rule or Order) that prevents or prohibits the implementation of the Scheme;
- (h) **(No Target Material Adverse Change)** no Target Material Adverse Change occurs between the date of this deed and 8:00am on the Second Court Date;
- (i) **(No Bidder Material Adverse Change)** no Bidder Material Adverse Change occurs between the date of this deed and 8.00am on the Second Court Date;
- (j) **(No Target Prescribed Occurrence)** no Target Prescribed Occurrence occurs between the date of this deed and 8:00am on the Second Court Date, which has not been remedied as at 8.00am on the Second Court Date;
- (k) **(No Bidder Prescribed Occurrence)** no Bidder Prescribed Occurrence occurs between the date of this deed and 8.00am on the Second Court Date, which has not been remedied as at 8.00am on the Second Court Date;
- (l) **(Cancellation Options)** before 8:00am on the Second Court Date:
 - (i) the Target has complied with its obligations under clause 4.5 in relation to the Cancellation Options; and
 - (ii) Option Cancellation Agreements have been duly executed and exchanged by the parties thereto and are legally binding and effective, in respect of all Cancellation Options so that there are no Cancellation Options which are not the subject of an Option Cancellation Agreement;
- (m) **(Excluded Options)** before 8.00am on the Second Court Date:
 - (i) The Bidder has complied with its obligations under clause 4.6 in relation to the Excluded Options; and
 - (ii) Option Swap Agreements have been duly executed and exchanged by the parties thereto and are legally binding and effective, in respect of all Excluded Options so that there are no Excluded Options which are not the subject of an Option Swap Agreement;
- (n) **(Target Performance Rights)** Before 8:00am on the Second Court Date:
 - (i) the Target has complied with its obligations under clause 4.7 in relation to the Target Performance Rights;
 - (ii) Performance Rights Agreements have been duly executed and exchanged by the parties thereto and are legally binding and effective, in respect of all Target Performance Rights so that there are no Target Performance Rights which are not the subject of a Performance Rights Agreement;
- (o) **(Retention Conditions)** the Retention Conditions have been satisfied;
- (p) **(Specified Contract)** before 8:00am on the Second Court Date, in respect of each Specified Contract, the relevant counterparty has provided their consent, approval, waiver or confirmation to the change of control or ownership of the Target (or a Subsidiary of the Target) that will arise from implementation of the Scheme as required under the relevant Specified Contract and subject only to conditions acceptable to Bidder (acting reasonably);
- (q) **(Net Debt balance)**: before 8:00am on the Second Court Date, the Target has delivered to the Bidder documentation evidencing that, as at the Effective Date and as

at the Implementation Date, the Target will have a Net Debt balance of no greater than (i) where the relevant date is on or before 30 June 2023, \$2,500,000 and (ii) where the relevant date is after 30 June 2023, the amount of \$2,500,000 increased by \$100,000 for each completed calendar month occurring after 30 June 2023;

- (r) **(Canaccord Shares):** Immediately prior to the Second Court Date, the Bidder has delivered to the Target a document confirming that it has assumed the obligation under the Canaccord Mandate to issue Canaccord 9,036,068 Bidder Shares immediately post-implementation of the Transaction.

3.2 Reasonable endeavours and co-operation

Without prejudice to any other obligations of the parties under this deed:

- (a) Bidder must use its reasonable endeavours to satisfy, or procure the satisfaction of, the Conditions Precedent in clauses 3.1(i), 3.1(k), 3.1(m) and 3.1(r);
- (b) Target must use its reasonable endeavours to satisfy, or procure the satisfaction of, the Conditions Precedent in clauses 3.1(h), 3.1(j), 3.1(l) 3.1(n), and 3.1(q);
- (c) each party must, to the extent it is within its power to do so, use its best endeavours to satisfy, or procure the satisfaction of, the Conditions Precedent in clauses 3.1(a), 3.1(c), 3.1(d), 3.1(e), 3.1(f), 3.1(g), 3.1(p) and 3.1(q); and
- (d) the parties must each use its reasonable endeavours to procure that no occurrence within its control will prevent the satisfaction of any Condition Precedent, except to the extent that such action is required to be done or procured pursuant to, or is otherwise permitted by, this deed or the Scheme or is required by law.

3.3 Regulatory Approvals

Without limiting the generality of clause 3.2 and subject to clause 3.3(d):

- (a) the Bidder must, to the extent it has not already done so prior to the date of this deed, apply for all necessary Regulatory Approvals for the Transaction (**Required Regulatory Approvals**) as soon as practicable and the Target must provide such assistance in respect of any such application as the Bidder may reasonably request, and each party must take all reasonable steps required as part of the approval process in respect of any such application, including responding to reasonable requests for information at the earliest practicable time;
- (b) the Bidder must keep the Target reasonably informed of progress in relation to the obtaining of the Required Regulatory Approvals, including:
- (i) by promptly providing the Target with reasonable details of all dealings with Government Agencies in relation to the applications for Required Regulatory Approvals (including any requests for information by such Government Agencies; and any conditions or other arrangements proposed by any Government Agency in respect of such Required Regulatory Approvals);
- (ii) by promptly providing the Target with any material information or matter which is likely to result in a delay in receipt of a Required Regulatory Approval that would mean the Timetable is unlikely to be achieved, or indicate that a Required Regulatory Approval is unlikely to be given; and
- (iii) to the extent reasonably practicable to do so, by consulting with the Target, in advance, in relation to all proposed material communications and the proposed content of those communications (whether written or oral and whether direct or via an Adviser) with any Government Agency relating to any Required

Regulatory Approval, and in relation to each proposed material step in the process of obtaining each Required Regulatory Approval;

- (c) without limiting clause 3.3(b), the Bidder must:
 - (i) provide the Target with drafts of any material written communications to be sent to a Government Agency, and allow the Target a reasonable opportunity to make comments on them prior to them being sent; and
 - (ii) promptly provide copies of any material written communications received from a Government Agency; and
- (d) before providing any document or other information to the Target pursuant to this clause 3.3, Bidder may redact any part of that document, or not disclose any part of that information, which contains or constitutes confidential, competitively sensitive or privileged information relating to the existing business or affairs of the Bidder or its Related Bodies Corporate, to the extent that the Bidder reasonably considers that the disclosure of such information to the Target would be unlawful or damaging to the commercial or legal interests of the Bidder or its Related Bodies Corporate, or would be reasonably likely to jeopardise any attorney-client, work product or other legal privilege.

3.4 Waiver of Conditions Precedent

- (a) The Conditions Precedent in clauses 3.1(a) to 3.1(g)(other than clause 3.1(c)) are for the benefit of the Target and the Bidder and cannot be waived.
- (b) The Conditions Precedent in clauses 3.1(h), 3.1(j), 3.1(l), 3.1(n), 3.1(o), 3.1(p) and 3.1(q) are for the sole benefit of the Bidder, and any breach or non-satisfaction of those Conditions Precedent may only be waived by the Bidder giving its written consent.
- (c) The Conditions Precedent in clauses 3.1(c), 3.1(i), 3.1(k), 3.1(m) and 3.1(r) are for the sole benefit of the Target, and any breach or non-satisfaction of those Conditions Precedent may only be waived by the Target giving its written consent.
- (d) A party entitled to waive the breach or non-satisfaction of a Condition Precedent pursuant to this clause 3.4 may do so in its absolute discretion.
- (e) If a waiver by a party of a Condition Precedent is itself expressed to be conditional and the other party accepts the conditions, the terms of the conditions apply accordingly. If the other party does not accept the conditions, the relevant Condition Precedent has not been waived.
- (f) If a party waives the breach or non-satisfaction of a Condition Precedent, that waiver will not preclude it from suing the other party for any breach of this deed constituted by the same event that gave rise to the breach or non-satisfaction of the relevant Condition Precedent.
- (g) Waiver of a breach or non-satisfaction in respect of one Condition Precedent does not constitute:
 - (i) a waiver of breach or non-satisfaction of any other Condition Precedent resulting from the same events or circumstances; or
 - (ii) a waiver of breach or non-satisfaction of that Condition Precedent resulting from any other event or circumstance.

3.5 Notifications

Each party must:

- (a) keep the other party promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Conditions Precedent;
- (b) promptly notify the other party in writing if it becomes aware that any Condition Precedent has been satisfied, in which case the notifying party must also provide reasonable evidence that the Condition Precedent has been satisfied; and
- (c) promptly notify the other party in writing of a failure to satisfy a Condition Precedent or of any fact or circumstance that results in that Condition Precedent becoming incapable of being satisfied or that may result in that Condition Precedent not being satisfied in accordance with its terms.

3.6 Scheme voted down because of Headcount Test

- (a) If the Scheme is not approved by Target Shareholders at the Scheme Meeting, by reason only of the non-satisfaction of the Headcount Test and the Target or the Bidder considers, acting reasonably, that the splitting by a holder of Target Shares into two or more parcels of Target Shares (whether or not it results in any change in beneficial ownership of the Target Shares) or some abusive or improper conduct may have caused or materially contributed to the Headcount Test not having been satisfied then the Target must:
 - (i) apply for an order of the Court contemplated by section 411(4)(a)(ii)(A) of the Corporations Act to disregard the Headcount Test and seek Court approval of the Scheme under section 411(4)(b) of the Corporations Act, notwithstanding that the Headcount Test has not been satisfied; and
 - (ii) make such submissions to the Court and file such evidence as counsel engaged by the Target to represent it in Court proceedings related to the Scheme, in consultation with Bidder, considers is reasonably required to seek to persuade the Court to exercise its discretion under section 411(4)(a)(ii)(A) of the Corporations Act by making an order to disregard the Headcount Test.
- (b) If the Court's approval of the Scheme under section 411(4)(b) of the Corporations Act is given, notwithstanding that the Headcount Test has not been satisfied, the Condition Precedent in clause 3.1(b) is deemed to be satisfied for all purposes.

3.7 Failure of Conditions Precedent

- (a) If:
 - (i) there is a breach or non-satisfaction of a Condition Precedent which is not waived in accordance with this deed by the time or date specified in this deed for the satisfaction of the Condition Precedent;
 - (ii) there is an act, failure to act, event or occurrence that would, or does prevent a Condition Precedent being satisfied by the time and date specified in this deed for the satisfaction of that Condition Precedent (and the breach or non-satisfaction which would otherwise occur has not already been waived in accordance with this deed); or
 - (iii) the Scheme has not become Effective by the End Date,
 then either party may serve a written notice on the other party, and the parties must promptly consult in good faith with a view to determining whether:
 - (iv) the Scheme or the Transaction may proceed by way of alternative means or methods;
 - (v) to extend the relevant time or date for satisfaction of the Condition Precedent;

- (vi) to change the First Court Date or to adjourn the application for orders pursuant to section 411(1) of the Corporations Act convening the Scheme Meeting to another date agreed by the parties;
 - (vii) to change the Second Court Date or to adjourn the application for orders pursuant to section 411(4)(b) of the Corporations Act approving the Scheme to another date agreed by the parties; or
 - (viii) to extend the End Date.
- (b) If Target and Bidder are unable to reach agreement under clauses 3.7(a)(iv), 3.7(a)(v), 3.7(a)(vi), 3.7(a)(vii) or 3.7(a)(viii) within five Business Days after the delivery of the notice under that clause or any shorter period ending at 5:00pm on the day before the Second Court Date, either party may terminate this deed by notice in writing to the other party, provided that:
- (i) the Condition Precedent to which the notice relates is for the benefit of that party (whether or not the Condition Precedent is also for the benefit of the other party); and
 - (ii) there has been no failure by that party to comply with its obligations under this deed, where that failure directly and materially contributed to the Condition Precedent to which the notice relates becoming incapable of satisfaction, or being breached or not fulfilled before the End Date,

in which case clause 14.3 will have effect.

3.8 Certificates in relation to Conditions Precedent

- (a) On the Second Court Date each party must provide to the Court a certificate (or such other evidence as the Court may request) confirming (in respect of matters within its knowledge) whether or not as at 8:00am on the Second Court Date the Conditions Precedent (other than the condition in clauses 3.1(d)) have been satisfied or waived in accordance with this deed.
- (b) Each party must provide to the other party a draft of the certificate to be provided by it pursuant to clause 3.8(a) by 5:00pm on the day that is two Business Days prior to the Second Court Date, and must provide to the other party on the Second Court Date a copy of the final certificate or other evidence provided to the Court.

4. Scheme Steps

4.1 Scheme

The Target must propose a scheme of arrangement to the Target Shareholders under which:

- (a) all of the Scheme Shares will be transferred to the Bidder; and
- (b) the Scheme Shareholders will be entitled to receive the Scheme Consideration in accordance with the terms of this deed and the Scheme.

4.2 Scheme Consideration

The consideration to be provided by the Bidder in respect of each Scheme Share is the issue of 1.1225 Consideration Shares per Scheme Share (**Scheme Consideration**).

4.3 Allotment and issue of Consideration Shares

- (a) The Bidder undertakes to the Target (in its own right and as trustee on behalf of the Scheme Shareholders) that, in consideration of the transfer to the Bidder of the Scheme Shares under the terms of the Scheme, on the Implementation Date it will:
 - (i) accept that transfer; and
 - (ii) allot and issue to Scheme Shareholders 1.1225 Consideration Shares for each Scheme Share in accordance with the Scheme and the Deed Poll, on such terms that each Consideration Share will as from the date of such issue rank equally in all respects with each existing share of that class issued by the Bidder and will be fully paid and free from any mortgage, charge, lien, encumbrance or other security interest.
- (b) To facilitate the issue of the Consideration Shares to Scheme Shareholders on the Implementation Date, the Target must provide to the Bidder, or procure the provision to the Bidder, of a complete copy of the Target Register as at the Scheme Record Date (which must include the name, registered address and registered holding of each Scheme Shareholder as at the Scheme Record Date), within one Business Day after the Scheme Record Date. The details and information to be provided under this clause must be provided in such form as the Bidder's share registry may reasonably require, as notified to the Target by the Bidder prior to the Scheme Record Date.
- (c) Subject to the Scheme becoming effective, the Bidder must use all reasonable endeavours to ensure that the Consideration Shares are, from the Business Day following the Effective Date (or such later date as ASX requires), quoted for trading on ASX initially on a deferred settlement basis and thereafter on an ordinary settlement basis as required by the ASX Listing Rules.
- (d) The Bidder will not issue any Consideration Shares to Ineligible Shareholders and clause 4.4 will apply to Ineligible Shareholders.

4.4 Implementation steps in relation to Ineligible Shareholders

- (a) The Bidder will issue the Consideration Shares that would otherwise have been issued to Ineligible Shareholders as Scheme Consideration to the Sale Nominee appointed by the Target, in accordance with the terms of the Scheme (such Consideration Shares being **Ineligible Shares**). The Bidder will issue the Ineligible Shares to the Sale Nominee on the Implementation Date and before the Scheme Shares held by Ineligible Shareholders are transferred to the Bidder on that date.
- (b) The Target must procure that the Sale Nominee deals with the Ineligible Shares in accordance with the terms of the Scheme.

4.5 Cancellation Options

The Target must use reasonable best efforts to procure that as soon as reasonably practicable, and in any event within 20 Business Days after the date of this deed, each person who is a holder of a Cancellation Option enters into an Option Cancellation Agreement with the Target.

4.6 Excluded Options

The Bidder must use reasonable efforts to procure that as soon as reasonably practicable and in any event within 20 Business Days after the date of this deed, each person who is a holder of an Excluded Option enters into the Option Swap Agreement with the Bidder.

4.7 Performance Rights

The Target must use reasonable best efforts to procure that as soon as reasonably practicable, and in any event within 20 Business Days after the date of this deed, each person who is a holder of Target Performance Rights enters into a Performance Rights Agreement with the Target.

4.8 No amendment to Scheme without consent

The Target must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Scheme without the prior written consent of the Bidder.

4.9 Fractional entitlements

Any fractional entitlement of a Scheme Shareholder to a part of a Consideration Share will be rounded up or down to the nearest whole number of Consideration Shares (rounded up if the fractional entitlement is equal to or greater than one half, and rounded down if the fractional entitlement is less than one half).

4.10 Joint holders

In the case of Target Shares held in joint names, any certificates or uncertificated holding statements for Consideration Shares to be issued to Scheme Shareholders will be issued in the names of the joint holders and will be forwarded to the holder whose name appears first in the Target Register on the Scheme Record Date.

5. Implementation

5.1 Target's obligations

The Target must take all necessary steps to propose and implement the Scheme as soon as is reasonably practicable after the date of this deed and must use reasonable endeavours to ensure that each step in the Timetable is met by the date set out beside that step, including by doing any acts it is authorised and able to do on behalf of Target Shareholders and each of the following:

- (a) **(Preparation of Scheme Booklet)** Subject to clauses 5.3(a), 5.3(b) and 5.3(d), prepare the Scheme Booklet so that it complies with all applicable laws, including the Corporations Act, Corporations Regulations, ASIC Regulatory Guide 60 and the ASX Listing Rules. The Scheme Booklet must include a statement that:
 - (i) other than the Bidder Information and the Independent Expert's Report, the Scheme Booklet has been prepared by the Target and is the responsibility of the Target, and that no Bidder Party assumes any responsibility for the accuracy or completeness of the Scheme Booklet (other than the Bidder Information); and
 - (ii) the Bidder Information has been provided by the Bidder and is the responsibility of the Bidder, and that no Target Party assumes any responsibility for the accuracy or completeness of the Bidder Information.

The Scheme Booklet and all public announcements by the Target in relation to the Scheme (other than announcements as to purely administrative matters) must also include the Recommendation and Voting Statement required under clause 7 (subject always to the qualifications and limitations contained therein).

- (b) **(Independent Expert)** Promptly appoint the Independent Expert (if the Independent Expert has not been appointed prior to the date of this deed), and provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report.
- (c) **(Review of draft Independent Expert's Report)** Following receipt from the Independent Expert, provide the Bidder with the draft report received from the Independent Expert for factual accuracy review only (noting in each case that any draft of the Independent Expert's Report provided to the Bidder for review will not include those sections containing the Independent Expert's opinion), and as soon as reasonably practicable give to the Independent Expert any comments that the Bidder provides the

Target in relation to factual matters regarding the Bidder in any draft of the Independent Expert's Report.

- (d) **(Consultation with Bidder)** Consult with the Bidder as to the content and presentation of the Scheme Booklet, such consultation to include allowing the Bidder a reasonable opportunity to review and make comments on successive drafts of the Scheme Booklet a reasonable time before its lodgement with ASIC and obtain the Bidder's written consent to the inclusion of the Bidder Information (including in respect of the form and context in which the Bidder Information appears in the Scheme Booklet) prior to lodgement of the Scheme Booklet with ASIC. The Target must consider in good faith any comments on drafts of the Scheme Booklet provided by or on behalf of the Bidder.
- (e) **(Approval of draft for ASIC)** as soon as reasonably practicable after the preparation of an advanced draft of the Scheme Booklet suitable for review by ASIC, procure that a meeting of the Target Board, or of a committee of the Target Board appointed for the purpose, is held to consider approving that draft as being in a form appropriate for provision to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act.
- (f) **(Due diligence and verification)** Undertake appropriate due diligence and verification processes in relation to the Target Information and, after those processes have been completed, provide on or before the First Court Date an affidavit to the Court confirming the due diligence and verification processes undertaken and their completion.
- (g) **(Liaison with ASIC)** As soon as reasonably practicable after the date of this deed but no later than 14 days before the First Court Date, and following the Bidder giving confirmation or providing changes as contemplated by clause 5.3(e), provide an advanced draft of the Scheme Booklet to ASIC for its review for the purposes of section 411(2) of the Corporations Act, and to the Bidder, and keep the Bidder reasonably informed of any matters raised by ASIC in relation to the Scheme Booklet (and of any resolution of those matters), and use reasonable endeavours, in consultation with the Bidder, to resolve any such matters (provided that the Target may not resolve any such matters without the prior written consent of the Bidder to the extent that such matters relate to the Bidder Information).
- (h) **(Liaison with ASX)** As soon as reasonably practicable after the date of this deed but no later than 14 days before the First Court Date, and following the Bidder giving confirmation or providing changes as contemplated by clause 5.3(e), provide an advanced draft of the Scheme Booklet to ASX for its review in accordance with the ASX Listing Rules, and keep the Bidder reasonably informed of any matters raised by ASX in relation to the Scheme Booklet (and of any resolution of those matters), and use reasonable endeavours, in consultation with the Bidder, to resolve any such matters (provided that the Target may not resolve any such matters without the prior written consent of the Bidder to the extent that such matters relate to the Bidder Information).
- (i) **(Indication of intent)** Apply to ASIC for a letter indicating whether ASIC proposes to make submissions to the Court, or intervene to oppose the Scheme, on the First Court Date.
- (j) **(Approval of Scheme Booklet)** As soon as practicable after conclusion of the review by ASIC and ASX of the Scheme Booklet, procure that a meeting of the Target Board is convened for the purpose of approving the Scheme Booklet for despatch to Target Shareholders, subject to approval of the Court.
- (k) **(Court direction)** Apply to the Court for orders directing the Target to convene the Scheme Meeting, and consult with the Bidder as to the content of all relevant originating process, affidavits, submissions and draft minutes of Court orders. Such consultation must include providing the Bidder with a reasonable opportunity to review and

comment on the relevant Court documents before they are lodged, and the Target must consider in good faith any comments provided by or on behalf of the Bidder.

- (l) **(ASIC registration)** If the Court directs the Target to convene the Scheme Meeting, use reasonable endeavours to cause ASIC to register the Scheme Booklet under subsection 412(6) of the Corporations Act.
- (m) **(Despatch)** Provide the Scheme Booklet to Target Shareholders following receipt of the Bidder's written consent to the inclusion of the Bidder Information in the form and context in which the Bidder Information appears in such version of the Scheme Booklet.
- (n) **(Update Scheme Booklet)** If, after the Scheme Booklet has been provided to Target Shareholders, it becomes aware of information that is:
 - (i) not included in the Scheme Booklet and that is:
 - (A) material for disclosure to Target Shareholders in deciding whether to approve the Scheme; or
 - (B) required to be disclosed to Target Shareholders under any applicable law; or
 - (ii) included in the Scheme Booklet and is misleading or deceptive in a material respect in the form and context in which it appears in the Scheme Booklet,

inform Target Shareholders of the information in an appropriate and timely manner, in accordance with applicable law. The Target must consult with the Bidder as to the form and content of any supplementary disclosure before it is made to Target Shareholders, and, to the extent reasonably practicable, must provide the Bidder with a reasonable opportunity to review and comment on such disclosure before it is made and must consider in good faith any comments provided by or on behalf of the Bidder. To the extent that any supplementary disclosure relates to (or constitutes) Bidder Information, it may only be made with the Bidder's prior written consent (not to be unreasonably withheld or delayed).
- (o) **(Promote Transaction)** Participate in efforts reasonably requested by Bidder to promote the merits of the Transaction and the Scheme Consideration, including, where requested by the Bidder, meeting with key Target Shareholders.
- (p) **(Information):**
 - (i) Provide reasonable information about the Scheme and the Target Shareholders to the Bidder and its Advisers which the Bidder requests and reasonably requires in order to:
 - (A) canvass views on the Scheme by Target Shareholders;
 - (B) facilitate the provision by, or on behalf of, the Bidder of the Scheme Consideration; or
 - (C) review the tally of proxy appointments and directions received by the Target before the Scheme Meeting.
 - (ii) Within 5 Business Days after the date of this deed, provide the Bidder with:
 - (A) a copy of the Target Register as at the date of this deed to the extent doing so does not breach applicable privacy laws; and
 - (B) the most recently available information in Target's possession regarding the beneficial ownership of Target Shares and including a

copy of the most recent beneficial ownership analysis report received by the Target (which, for the avoidance of doubt, may be as at a date prior to the date of this deed).

(iii) Provide the Bidder:

(A) every two weeks, a copy of the latest Target Register; and

(B) every two weeks, the most recently available information in the Target's possession regarding the beneficial ownership of Target Shares including a copy of the most recent beneficial ownership analysis report received by the Target,

provided that if the Target Register or any beneficial ownership analysis report is received by the Target more frequently than every two weeks the Target must provide the Bidder with a copy of each such report after it is received by the Target.

(q) **(Scheme Meeting)** Convene the Scheme Meeting to seek the Target Shareholders' agreement to approve the Scheme (in accordance with any orders made by the Court).

(r) **(No objection statement)** Apply to ASIC for the production of a statement in writing pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme.

(s) **(Court approval)** Subject to:

(i) all Conditions Precedent in clause 3.1 (other than that in clause 3.1(d)) being satisfied or waived in accordance with this deed; and

apply to the Court for:

(ii) orders approving the Scheme; and

consult with the Bidder as to the content of all relevant affidavits, submissions and draft minutes of Court orders. Such consultation must include providing the Bidder with a reasonable opportunity to review and comment on the relevant Court documents before they are lodged, and the Target must consider in good faith any comments provided by or on behalf of the Bidder.

(t) **(Court order)** If the Scheme is approved by the Court, lodge with ASIC an office copy of any Court order approving the Scheme by no later than the first Business Day after the day such office copy is received (or such later date as Bidder may agree in writing).

(u) **(Court representation)** Procure that it is represented by counsel at the Court hearings convened in relation to the Scheme, at which, through its counsel or solicitors, the Target will undertake (if requested by the Court) to do all such things and take all such steps within its power as may be reasonably necessary in order to ensure the fulfilment of its obligations under this deed and the Scheme.

(v) **(Scheme implementation)** If the Scheme becomes Effective:

(i) procure ASX to suspend trading in Target Shares from the close of trading on the Effective Date;

(ii) close the Target Register at the Scheme Record Date to determine the identity of Scheme Shareholders and their entitlements to the Scheme Consideration; and

- (iii) subject to the Bidder satisfying its obligations under clause 4.3, execute proper instruments of transfer of the Scheme Shares on behalf of the Scheme Shareholders in favour of the Bidder and procure the registration in the Target Register of all transfers of Scheme Shares to the Bidder under those instruments on the Implementation Date.
- (w) **(ASX listing)** Maintain the Target's admission to the official list of ASX and the quotation of Target Shares on ASX up to and including the Implementation Date.
- (x) **(ASX delisting)** If directed by the Bidder in writing at any time after the Implementation Date, the Target must take all steps necessary for the Target to be removed from the official list of ASX, including lodging a request for removal with ASX and satisfying any conditions reasonably requested by ASX for it to act on that request.
- (y) **(Sale Nominee Appointment)** As soon as reasonably practicable after obtaining the Court direction in clause 5.1(k), and in cooperation with the Bidder, appoint an agent as Sale Nominee.
- (z) **(Regulatory notifications)** In relation to the Regulatory Approvals, lodge with any Government Agency within the relevant periods all documentation and filings required by law to be so lodged by the Target in relation to the Transaction.
- (aa) **(Bidder Information)** Without the prior written consent of the Bidder, not use the Bidder Information for any purposes other than those contemplated by this deed and the Scheme.
- (bb) **(Compliance with laws)** Do everything reasonably within its power to ensure that all transactions contemplated by this deed are effected in accordance with all applicable laws and regulations.
- (cc) **(Certificate)** Before the commencement of the hearing by the Court of the application for the orders under section 411(4)(b) of the Corporations Act, give to the Bidder a certificate signed by the Target stating whether or not each representation or warranty given by the Target is true and correct in all material respects as at the time it is given or made under clause 8.2.

5.2 Appeal process

If the Court refuses to make any orders convening the Scheme Meeting or approving the Scheme:

- (a) The Target and the Bidder must consult with each other in good faith as to whether to appeal the Court's decision; and
- (b) The Target must appeal the Court's decision (unless the parties agree otherwise, or an independent senior counsel of the bar of New South Wales or Victoria advises before the End Date that, in their view, an appeal would have no reasonable prospect of success).

5.3 Bidder's obligations

The Bidder must take all reasonably necessary steps to assist the Target to propose and implement the Scheme as soon as is reasonably practicable after the date of this deed and must use reasonable endeavours to ensure that each step in the Timetable is met by the date set out beside that step, including each of the following:

- (a) **(Bidder Information)** Prepare and provide to the Target the Bidder Information for inclusion in the Scheme Booklet to comply with all applicable laws, including the Corporations Act, ASIC Regulatory Guide 60 and the ASX Listing Rules relevant to the Bidder Information and consult with the Target as to the content and presentation of

the Bidder Information in the Scheme Booklet, such consultation to include allowing the Target a reasonable opportunity to review and make comments on successive drafts of the Bidder Information before lodgement of the Scheme Booklet with ASIC. The Bidder must consider in good faith any comments on drafts of the Bidder Information provided by or on behalf of the Target.

- (b) **(Review drafts of Scheme Booklet)** Review drafts of the Scheme Booklet prepared by the Target and provide any comments on those drafts as soon as practicable.
- (c) **(Due Diligence and Verification)** Undertake appropriate due diligence and verification processes in relation to the Bidder Information and, after those processes have been completed, provide on or before the First Court Date an affidavit to the Court confirming the due diligence and verification processes undertaken and their completion.
- (d) **(Independent Expert information)** Provide all assistance and information reasonably requested by the Target or by the Independent Expert in connection with the preparation of the Independent Expert's Report.
- (e) **(Confirmation of Bidder Information)** Before the Scheme Booklet is provided to ASIC pursuant to section 411(2) of the Corporations Act, procure that a meeting of the Bidder Board is held to consider the Bidder Information included in the Scheme Booklet as being in a form appropriate for provision to ASIC for review, and either:
 - (i) confirm in writing to the Target that the Bidder Information in the form and context in which it appears in the Scheme Booklet is not misleading or deceptive in any material respect and does not contain any material omission; or
 - (ii) provide to the Target the changes required to ensure that the Bidder Information in the form and context in which it appears in the Scheme Booklet is not misleading or deceptive in any material respect and does not contain any material omission.
- (f) **(Approval and consent to inclusion of Bidder Information)** As soon as reasonably practicable after the conclusion of the review by ASIC and ASX of the Scheme Booklet:
 - (i) procure that a meeting of the Bidder Board is held to consider the Bidder Information included in the Scheme Booklet as being in a form appropriate for despatch to Target Shareholders, subject to approval of the Court including but not limited to ensuring that the Bidder Information is not false, misleading or deceptive in any material respect (whether by omission or otherwise) at the date of despatch; and
 - (ii) confirm in writing to the Target that the Bidder consents to the inclusion of the Bidder Information in the Scheme Booklet, in the form and context in which the Bidder Information appears.
- (g) **(Update Bidder Information)** If at any time after the despatch of the Scheme Booklet, the Bidder becomes aware:
 - (i) of new information which, were it known at the time of despatch, should have been included in any Bidder Information included in that version of the Scheme Booklet; or
 - (ii) that any part of the Bidder Information included in that version of the Scheme Booklet is misleading or deceptive in any material respect (whether by omission or otherwise),

it must advise the Target so that the Target can determine whether supplementary disclosure to Target Shareholders is required in accordance with (and subject to the terms of) clause 5.1(n).

- (h) **(Deed Poll)** At least one Business Day before the First Court Date, enter into the Deed Poll and deliver it to the Target.
- (i) **(Court representation)** If requested by the Target or desired by the Bidder, procure that it is represented by counsel at the Court hearings convened in relation to the Scheme, at which, through its counsel or solicitors, the Bidder will undertake (if requested by the Court) to do all such things and take all such steps within its power as may be reasonably necessary in order to ensure the fulfilment of its obligations under this deed and the Scheme.
- (j) **(Target Share transfer)** If the Scheme becomes effective, accept and otherwise do all things necessary to effect the transfer of the Scheme Shares to the Bidder as contemplated by the Scheme on the Implementation Date including execute proper instruments of transfer of the Scheme Shares and otherwise agree to be bound by the constitution of the Target.
- (k) **(Scheme Consideration and Implementation)** If the Scheme becomes Effective, on the Implementation Date, provide the Scheme Consideration in accordance with the terms of the Scheme, including by:
 - (i) approving the issue of Consideration Shares to Scheme Shareholders and the Sale Nominee in accordance with the Scheme;
 - (ii) ensuring that each Consideration Share so issued is fully paid and free from Security Interests;
 - (iii) updating the register of members of the Bidder accordingly;
 - (iv) applying to ASX for quotation of all new Bidder Shares issued as Scheme Consideration in accordance with the requirements of this deed and the Deed Poll; and
 - (v) doing all other things necessary to give effect to the Scheme and the Court orders approving the Scheme.
- (l) **(Promote Transaction)** Participate in efforts reasonably requested by the Target to promote the merits of the Transaction and the Scheme Consideration, including, where requested by the Target, meeting with key Target Shareholders.
- (m) **(Regulatory Approvals)** Apply for any Regulatory Approval required by the Bidder to implement the Scheme and to permit the issue of the Consideration Shares within the time periods contemplated by the Scheme.
- (n) **(Regulatory notifications)** In relation to the Regulatory Approvals, lodge with any Government Agency within the relevant periods all documentation and filings required by law to be so lodged by the Bidder in relation to the Transaction.
- (o) **(Target Information)** Without the prior written consent of the Target, not use the Target Information for any purposes other than those contemplated by this deed and the Scheme.
- (p) **(Compliance with laws)** Do everything reasonably within its power to ensure that all transactions contemplated by this deed are effected in accordance with all applicable laws and regulations.

- (q) **(Certificate)** Before the commencement of the hearing by the Court of the application for the orders under section 411(4)(b) of the Corporations Act, give to the Target a certificate signed by the Bidder stating whether or not each representation or warranty given by the Bidder is true and correct in all material respects as at the time it is given or made under clause 8.1.

5.4 Disagreement on content of Scheme Booklet

If the parties disagree on the form or content of the Scheme Booklet, they must consult in good faith to try to settle an agreed form of Scheme Booklet. If after 2 Business Days complete agreement is not reached, then:

- (a) where the determination relates to Bidder Information, the Bidder will make the final determination, acting reasonably, as to the form and content of the Bidder Information; and
- (b) in any other case, the Target, acting reasonably, will make the final determination as to the form and content of the Scheme Booklet.

5.5 Sequence of actions on the Implementation Date

On the Implementation Date, the transactions forming part of the Scheme will be implemented in the following sequence:

- (a) the Bidder will provide the Scheme Consideration to Scheme Shareholders in accordance with the Scheme (including the issue of Ineligible Shares to the Sale Nominee);
- (b) the Scheme Shares will be transferred to the Bidder in accordance with the Scheme; and
- (c) the Bidder Board will be reconstituted in accordance with clause 5.6.

5.6 Appointment of directors and Group Chief Executive Officer and Managing Director

On and from the Implementation Date, but subject to the Scheme Consideration having been paid by Bidder in accordance with the Scheme:

- (a) subject also to receipt by the Bidder of signed consents to act, the Bidder must cause the appointment of one (1) person nominated by Target and approved by the Bidder as a new non-executive director of the Bidder;
- (b) the Target must procure that all directors on the Target Board and the board of each member of the Target Group (other than any directors nominated by Bidder) resign from the Target Board or such other board (as applicable), with such written notice of resignation to confirm that the outgoing director has no outstanding Claim against the Target Group. Any such confirmation must not limit any Claim in the future under any deed of access and indemnity with any member of the Target Group, any constituent document of any member of the Target Group or any directors and officers' insurance policy entered into by any member of the Target Group; and
- (c) for the avoidance of doubt, Mr Ronald Dufficy will remain the Group Chief Executive Officer and Managing Director of the Bidder (including the combined business operations of the Bidder and the Target post the Implementation Date).

6. Conduct of business and requests for access

6.1 No change in the conduct of the business

- (a) Subject to clause 6.1(c), from the date of this deed up to and including the Implementation Date, each of the Target and the Bidder must, and must procure that each other member of the Target Group or Bidder Group (as relevant) must:
- (i) conduct its business and operations in the ordinary course and substantially consistent (subject to any applicable laws and regulations) with the manner in which each such business and operation has been conducted in the 12 month period prior to the date of this deed;
 - (ii) use its best endeavours to:
 - (A) preserve intact the group's current business organisation;
 - (B) preserve and maintain the value of the businesses and assets of the group in all material respects;
 - (C) maintain all the material assets of the group in the normal course and consistent with past practice;
 - (D) keep available the services of its directors, officers, contractors and employees;
 - (E) preserve the group's relationships and contracts with material customers, suppliers, landlords, employees and others having material business dealings with it (including using reasonable endeavours to obtain consents from Third Parties to any change of control provisions in contracts or arrangements to which it is a party);
 - (F) preserve its relationships with Government Agencies;
 - (G) maintain (and, where necessary, use reasonable efforts to renew) the policies of insurance held by the group to insure any material risk of the group that are in force as at the date of this deed and promptly notify the other party if any renewal proposal is not accepted by the relevant insurer;
 - (iii) ensure each group member collects receivables and pays payables in a manner generally consistent with its practices in the 12 month period prior to the date of this deed;
 - (iv) not enter into any new line of business or new type of activities in which the group is not engaged as at the date of this deed;
 - (v) ensure that stock is ordered, managed, maintained or otherwise dealt with consistent with the group's practices in the 12 month period prior to the date of this deed;
 - (vi) ensure that no material change is made or permitted to be made to the businesses' product prices, promotional activity or terms of supply of any goods or services other than consistent with its practices in the 12 month period prior to the date of this deed;
 - (vii) manage the working capital of the group in the ordinary course of business and in substantially the same manner as it was prior to the date of this deed;
 - (viii) use reasonable endeavours to comply in all material respects with all material contracts to which a member of the group is a party, and with laws, authorisations and licences which are material to the operation of the group and are applicable to a member of the group;

- (ix) use reasonable endeavours to avoid the occurrence of an event within its control or the control of any other group member that would constitute or be likely to constitute a Target Material Adverse Change or Bidder Material Adverse Change (as applicable); and
 - (x) not take or fail to take any action that constitutes a Target Prescribed Occurrence or Bidder Prescribed Occurrence (as applicable) or that could reasonably be expected to result in a Target Prescribed Occurrence or Bidder Prescribed Occurrence (as applicable).
- (b) Without limiting clause 6.1(a) and subject to clause 6.1(c), the parties must not, and must procure that each other member of its group does not, from the date of this deed up to and including the Implementation Date:
- (i) incur any additional Financial Indebtedness other than any Financial Indebtedness provided by the Bidder;
 - (ii) make any change to its constitution;
 - (iii) (except as required by law or as provided in an existing contract in place as at the date of this deed) enter into or make any material change to the terms of employment of (including materially increasing the remuneration or compensation of), any person, including an officer, director, executive or other employee, whose total employment cost exceeds \$100,000 per annum (**Key Person**), in each case other than relating to rights or entitlements in effect on the date of this deed and which are Fairly Disclosed in the Target Due Diligence Material or Bidder Due Diligence Material (as applicable);
 - (iv) amend the terms of any option, performance right, incentive or share plan (except as expressly agreed with the other party in writing);
 - (v) accelerate the rights of any of their employees to compensation or benefits of any kind (including under any option, performance right, incentive or share plan);
 - (vi) terminate or encourage the resignation of a Key Person, except in accordance with current personnel practices;
 - (vii) pay any of its officers, directors, executives or other employees a bonus, severance, termination or retention payment in excess of \$5,000 (in aggregate), other than pursuant to contractual arrangements in effect on the date of this deed and which are Fairly Disclosed in the Target Due Diligence Material or Bidder Due Diligence Material (as applicable);
 - (viii) settle or compromise any dispute, audit or inquiry in relation to tax or duty or amend any tax return, other than in the ordinary course of its business;
 - (ix) (except under contractual arrangements in effect on the date of this deed and which are Fairly Disclosed in the Target Due Diligence Materials or Bidder Due Diligence Material (as applicable)) enter into any enterprise bargaining agreement or similar collective employment agreement;
 - (x) in respect of any single transaction or series of related or similar transactions, acquire, lease or dispose of any interest in a business, securities, assets, real property, entity or undertaking, the value of which exceeds \$25,000, individually or \$50,000 when aggregated with all such businesses, securities, assets, real property, entities or undertakings the subject of the transaction or series of related or similar transactions;

- (xi) enter into, amend or terminate any contracts or commitments with an annual value in excess of \$100,000 or with a value over the life of the contracts or commitments in excess of \$200,000;
 - (xii) incur or enter into commitments involving capital expenditure of more than \$25,000 whether in one transaction or a series of related transactions;
 - (xiii) write-down any of its material assets other than in accordance with the Accounting Standards;
 - (xiv) enter into, vary or terminate any contract, joint venture, partnership or commitment for a duration of over 2 years or involving total expenditure greater than \$50,000 per year;
 - (xv) create any Security Interest over any of its assets other than in respect of the EXL secured loan;
 - (xvi) provide financial accommodation to any person other than to members of its group (irrespective of what form of Financial Indebtedness that accommodation takes);
 - (xvii) enter into any agreement, arrangement or transaction with respect to derivative instruments (including swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments;
 - (xviii) other than the German Arbitration Proceedings, settle any legal proceedings, disputed claim, investigation, arbitration or other like proceeding where the settlement amount payable by any member of the group exceeds \$50,000;
 - (xix) change any accounting policy applied to a party to report its financial position, other than any change in policy required by a change in Accounting Standards;
 - (xx) cancel any existing insurance policy in the name of or for the benefit of a group member in respect of any material assets or material risks unless a replacement policy (on the same or substantially similar terms) has been put in place;
 - (xxi) vary or terminate or intentionally fail to renew any material contract or material authorisation;
 - (xxii) do anything that would result in a change to its tax structure;
 - (xxiii) amend any arrangements with its Advisers, or appoint any new Adviser, resulting in an increase in fees payable by the group to any existing or new Adviser of \$100,000 or more (in aggregate), in respect of the Transaction or a Competing Proposal. For the avoidance of doubt, the parties may make any payment as and when required to be made under an engagement existing at the date of this deed which are Fairly Disclosed in the Target Due Diligence Materials or Bidder Due Diligence Materials (as applicable) in accordance with the terms of that engagement (without amendment);
 - (xxiv) allow any regulatory licences or permits material to the group or any other material authorisations to lapse or fall out of good standing; or
 - (xxv) authorise, commit or agree to do any of the matters set out above.
- (c) in each case except to the extent:
- (i) required or expressly permitted by this deed and the Scheme;

- (ii) Fairly Disclosed in the Target Due Diligence Material, Bidder Due Diligence Material, the Target Disclosure Letter or Bidder Disclosure Letter (as relevant);
- (iii) Fairly Disclosed to ASX or Fairly Disclosed in a document which would be disclosed in a search of ASIC records or the PPS Register or the public records maintained by the High Court of Australia, the Federal Court of Australia or the Supreme Courts of each Australian State and Territory in relation to the parties or the Subsidiaries of the parties (as relevant);
- (iv) required to respond to an emergency, disaster or health advice of any Government Agency;
- (v) required by any applicable law or regulation or Government Agency, or by an Order; or
- (vi) consented to in writing by the Bidder or Target as relevant (such consent not to be unreasonably withheld or delayed).

6.2 Access to information and co-operation

- (a) **(Provision of access and information)** During the period from the date of this deed up to and including the Implementation Date, the parties must, and must procure each of its Subsidiaries to:
 - (i) keep the other party fully informed of any developments relating to the group and the conduct of its business;
 - (ii) within 21 days from the end of each month, provide the other party with a copy of the management accounts and other reports on the financial affairs of the group relating to the previous month;
 - (iii) respond to reasonable requests from the other party and its Representatives for information concerning its group businesses, operations and affairs as soon as reasonably practicable after such requests are made;
 - (iv) give the other party and its Representatives reasonable access to its senior management team and records; and
 - (v) otherwise provide reasonable co-operation to the other party and its Representatives,

in each case for the purposes of:

 - (vi) the implementation of the Scheme;
 - (vii) integration planning prior to implementation of the Scheme which, for the avoidance of doubt, does not include ongoing due diligence on the Target Group or Bidder Group; or
 - (viii) any other purpose that is agreed in writing between the parties (acting reasonably).
- (b) **(Limits on the parties' obligations)** The obligations in clauses 6.2(a), 6.3 and 6.4 do not require the parties to:
 - (i) do anything which would cause undue disruption to the business of the parties in the ordinary course;

- (ii) require a member of the parties' group to take any action that would reasonably be expected to result in a group entity breaching any applicable law or the entity's constituent documents;
 - (iii) require a member of a party's group to take any action that would breach an obligation to any person (including any confidentiality obligations);
 - (iv) provide information to the other party concerning the directors' and management's consideration of the Scheme; or
 - (v) provide any confidential, commercially sensitive or privileged information where the provision of such information is reasonably likely to cause prejudice to the commercial or legal interests of its group taken as a whole.
- (c) The parties acknowledge that all information that is provided pursuant to this clause 6.2 will be provided subject to the terms of the Confidentiality Deed.

6.3 Integration planning

- (a) On and from the date of this deed, the parties agree to establish a committee (**Integration Committee**) initially comprising of the following individuals:
 - (i) as representatives of Target: Pauline Gately, and the Target Executive Team; and
 - (ii) as representatives of Bidder: Josephine Lorenz and Felipe Favaro, General Manager, Hemp Foods Australia.
- (b) The role of the Integration Committee will be to act as a forum for discussion and planning in respect of the following:
 - (i) matters related to integration planning, including employee retention and incentivisation, stakeholder engagement and communications, business operations and functions or processes; and
 - (ii) the process referred to in clause 6.4.
- (c) Each party must ensure that its representatives on the Integration Committee act in good faith in their capacity as members of the Integration Committee with a view to fulfilling the role and objectives of such committee (to the extent within their power).
- (d) The Integration Committee will meet at such times and places as agreed between the members of the Integration Committee from time to time, taking into account the existing roles and duties of Target's representatives on the Integration Committee. Meetings may be held via telephone or other forms of technology that provide representatives with an opportunity to participate.
- (e) The members of the Integration Committee may agree to invite other persons to attend meetings of the Integration Committee from time to time.
- (f) From time to time, certain members of the Integration Committee or other representatives of the parties (as agreed between the parties) will meet separately to meetings of the Integration Committee to discuss and progress matters considered or plans developed by the Integration Committee.
- (g) The parties acknowledge and agree that:
 - (i) the Integration Committee is a discussion and planning forum only, and the members of the Integration Committee do not have power to bind the other party or to give any consent, approval or waiver on behalf of such other party;

- (ii) nothing in this clause 6.3 or elsewhere in this deed requires a party to act at the direction of the other party or is intended to create a relationship of partnership, joint venture or similar between the parties;
- (iii) nothing in this clause 6.3 or elsewhere in this deed requires a party to take any action that would reasonably be expected to conflict with or violate the entity's constituent documents or any law;
- (iv) the respective businesses of the Bidder Group and the Target Group are to continue to operate independently until (and subject to) implementation of the Scheme; and
- (v) nothing in this clause 6.3 requires any of Target's representatives on the Integration Committee to do anything which would unduly interfere with their responsibilities to Target and the ongoing conduct of Target's business.

6.4 Change of control consents

As soon as practicable after the date of this deed, the Target and the Bidder must seek to identify any change of control, unilateral termination rights or notification rights in material contracts to which the Target or another member of the Target Group is party which may be triggered by or exercised in response to the implementation of the Transaction. In respect of those contracts:

- (a) the Target and the Bidder will agree a proposed course of action to obtain any consents or confirmations required (which, among other things, will have due regard to applicable legal restrictions) and then the Target will initiate contact, including joint discussions if required, with the relevant counterparties and request that they provide any consents or confirmations required or appropriate. The Bidder must not contact any counterparties for this purpose (other than any counterparties that the Bidder has a pre-existing relationship with prior to the date of this deed in relation to matters not related to the Transaction) without the Target present or without the Target's prior written consent (which is not to be unreasonably withheld or delayed);
- (b) the Target must take all reasonable action necessary to give effect to any notifications required or obtain such consents or confirmation as expeditiously as possible, including by promptly providing any information reasonably required by counterparties (but nothing in this clause 6.4 requires the Target or the Bidder to incur material expense);
- (c) the Bidder must cooperate with, and provide reasonable assistance to, the Target to obtain such consents or confirmations as expeditiously as possible, including by promptly providing any information reasonably required by counterparties (but nothing in this clause 6.4 requires the Target or the Bidder to incur material expense); and
- (d) provided that the Target has complied with this clause 6.4, a failure by a member of the Target Group to obtain any third party consent or confirmation, or the exercise of a termination right, will not of itself constitute a breach of this deed by the Target and, together with any consequences that arise, will be disregarded when assessing the operation of any other provision of this deed.

6.5 Directors' and officers' insurance and indemnities

- (a) The Bidder acknowledges that, notwithstanding any other provision of this deed, the Target may, prior to the Implementation Date, enter into arrangements to secure directors' and officers' run-off insurance for up to such seven year period to the extent practicable at normal commercial rates, (**D&O Policy**), and that any actions to facilitate that insurance or in connection therewith will not be a Target Prescribed Occurrence or breach any provision of this deed.

7. Target Board recommendation

7.1 Recommendations and Voting Statement

- (a) The Target represents and warrants to Bidder that, as at the date of this deed, each Target Director has confirmed by unanimous resolution of the Target Board that he or she will act in accordance with clause 7.1(b).
- (b) Subject to clauses 7.2 and 7.3, the Target must use reasonable endeavours to ensure that:
 - (i) the Target Board unanimously recommends that Target Shareholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert being of the opinion at all times prior to the Second Court Date (including in any update of, or any revision, amendment or supplement to, the Independent Expert's Report) that the Scheme is in the best interests of Target Shareholders (**Recommendation**);
 - (ii) the Scheme Booklet and all public statements and announcements by the Target in relation to the Scheme (other than announcements relating to administrative matters only) include the Recommendation and a statement by the Target Board to the effect that each Target Director will, in the absence of a Superior Proposal and subject to the Independent Expert being of the opinion at all times prior to the Second Court Date (including in any update of, or any revision, amendment or supplement to, the Independent Expert's Report) that the Scheme is in the best interests of Target Shareholders, procure the voting of all Target Shares held or controlled by him or her in favour of the Scheme at the Scheme Meeting (**Voting Statement**); and
 - (iii) no member of the Target Board changes, withdraws, modifies or qualifies their Recommendation or Voting Statement or makes a recommendation or statement that is inconsistent with their Recommendation or Voting Statement (including by making any public statement supporting, endorsing or recommending a Competing Proposal and/or to the effect that they no longer support the Scheme).

7.2 Withdrawal of Recommendation or Voting Statement

- (a) The obligations in clause 7.1 will cease to apply:
 - (i) if the Independent Expert states the opinion in the Independent Expert's Report (or any update of, or any revision, amendment or supplement to, the Independent Expert's Report) that the Scheme is not in the best interests of Target Shareholders;
 - (ii) if the Target receives a Competing Proposal and the Target Board determines, after all Bidder's rights under clause 11.4 have been exhausted, that the Competing Proposal constitutes a Superior Proposal; or
 - (iii) in respect of the Recommendation or Voting Statement of any Target Director:
 - (A) if a Court, ASIC or the Takeovers Panel requests that Target Director change, withdraw, qualify or modify, or abstain from making, his or her Recommendation or Voting Statement;
 - (B) if the Target reasonably determines that the relevant Target Director has an interest in the Scheme that renders it inappropriate for him or her to make or maintain such Recommendation or Voting Statement and the Court would be unlikely to grant the orders contemplated under clause 3.1(d) as a result of such interest.

- (b) The Target represents and warrants to Bidder that, as at the date of this deed, as far as Target is aware, no Target Director has an interest in the Scheme that renders it inappropriate for him or her to make or maintain his or her Recommendation or Voting Statement.
- (c) The Target will not be in breach of this deed, and will not be liable to the Bidder under this deed, solely as a result of a director of the Target publicly (or otherwise) failing to make, or adversely changing, withdrawing, adversely modifying or adversely qualifying of, a Recommendation or Voting Statement, in each case as permitted by clause 7.2(a)(iii).

7.3 Qualification of Recommendation or Voting Statement

For the purposes of clause 7.1 and 14.1(b), customary qualifications and explanations contained in:

- (a) the Scheme Booklet or any public announcement in relation to a Recommendation or Voting Statement to the effect that the Recommendation or Voting Statement is made:
 - (i) in the absence of a Superior Proposal;
 - (ii) in respect of any public announcement issued before the issue of the Scheme Booklet, subject to the Independent Expert concluding in the Independent Expert's Report (and continuing to conclude) that the Scheme is in the best interests of Target Shareholders; or
 - (iii) in respect of the Scheme Booklet or any public announcements issued at the time of or after the issue of the Scheme Booklet, subject to the Independent Expert concluding in the Independent Expert's Report (and continuing to conclude) that the Scheme is in the best interests of Target Shareholders; or
- (b) any public announcement or other statement made by the Target, the Target Board or any Target Director to the effect that no action should be taken by Target Shareholders pending the assessment of a Competing Proposal by the Target Board; and
- (c) as permitted by clause 11.4(c),

will not be regarded as a failure to make, or an adverse change, withdrawal, adverse modification or adverse qualification of, a Recommendation or Voting Statement, or an endorsement of a Competing Proposal, and will not contravene this clause 7 or trigger a right for the Bidder to terminate this deed under clause 14.

8. Representations and warranties

8.1 Bidder Representations and Warranties

- (a) The Bidder represents and warrants to the Target (in its own right and separately as trustee or nominee for each of the other Target Parties) that each Bidder Representation and Warranty is true and correct.
- (b) The Target acknowledges and agrees that the Bidder Representations and Warranties and the Bidder indemnity under clause 8.1(c) are given subject to those matters that:
 - (i) are expressly provided for in this deed;
 - (ii) are Fairly Disclosed in the Bidder Due Diligence Material or the Bidder Disclosure Letter;
 - (iii) have been Fairly Disclosed to the Target had the Target conducted a search of ASIC records or the PPS Register or public records maintained by the High

Court of Australia, the Federal Court of Australia or the Supreme Courts of each Australian State and Territory in relation to a member of the Bidder Group, in each case prior to the date of this deed; or

- (iv) are within the actual knowledge of the Target as at the date of this deed.
- (c) The Bidder indemnifies the Target against, and must pay the Target on demand the amount of, any losses, liabilities, damages, costs, charges or expenses suffered or incurred by any member of the Target Group as a result of, or in connection with, a breach of a Bidder Representation and Warranty.

8.2 Target Representations and Warranties

- (a) The Target represents and warrants to Bidder (in its own right and separately as trustee or nominee for each of the other Bidder Parties) that each Target Representation and Warranty is true and correct.
- (b) The Bidder acknowledges and agrees that the Target Representations and Warranties and the Target indemnity under clause 8.2(c) are given subject to those matters that:
 - (i) are expressly provided for in this deed;
 - (ii) are Fairly Disclosed in the Target Due Diligence Material or the Target Disclosure Letter;
 - (iii) have been Fairly Disclosed to the Bidder had the Bidder conducted a search of ASIC records or the PPS Register or public records maintained by the High Court of Australia, the Federal Court of Australia or the Supreme Courts of each Australian State and Territory in relation to a member of the Target Group, in each case prior to the date of this deed; or
 - (iv) are within the actual knowledge of the Bidder as at the date of this deed.
- (c) The Target indemnifies the Bidder against, and must pay the Bidder on demand the amount of, any losses, liabilities, damages, costs, charges or expenses suffered or incurred by any member of the Bidder Group as a result of, or in connection with, a breach of a Target Representation and Warranty.

8.3 Timing of representations and warranties

Unless expressed to be given at a particular time or during a particular period (in which case it is given at that time or during that period), each Bidder Representation and Warranty and each Target Representation and Warranty is given at:

- (a) the date of this deed;
- (b) the date the Scheme Booklet is despatched to Target Shareholders;
- (c) the date of the Scheme Meeting; and
- (d) 8:00am on the Second Court Date.

8.4 Survival of representations

Each Bidder Representation and Warranty and Target Representation and Warranty and the indemnities in clauses 8.1(c) and 8.2(c):

- (a) is severable; and

- (b) survives the termination of this deed (but does not survive, and will be taken to have no further force or effect following, implementation of the Scheme).

8.5 Notification obligations

Each party will notify the other party in writing as soon as practicable after that party becomes aware of any fact, matter or circumstance that constitutes or may reasonably constitute a breach of any of the Target Representations and Warranties or Bidder Representations and Warranties, as applicable.

9. Releases

9.1 Target Parties

- (a) Without limiting the Bidder's rights under clause 12, the Bidder releases its rights against, and agrees with the Target that it will not make a Claim against, any Target Party (other than the Target) in connection with:

- (i) the Target's execution or delivery of this deed;
- (ii) any breach of any representation, covenant and warranty of the Target in this deed;
- (iii) the implementation of the Scheme; or
- (iv) any disclosure made (at any time) by any Target Party including in the Target Due Diligence Material that contains any statement which is false or misleading whether in content or by omission,

except to the extent the relevant Target Party has engaged in wilful misconduct or fraud.

- (b) This clause 9.1 is subject to any Corporations Act restriction and will (if and to the extent required) be read down accordingly. The Target receives and holds the benefit of this clause as trustee for each other Target Party.

9.2 Bidder Parties

- (a) Without limiting the Target's rights under clause 13, the Target releases its rights against, and agrees with the Bidder that it will not make a Claim against, any Bidder Party (other than the Bidder) in connection with:

- (i) the Bidder's execution or delivery of this deed;
- (ii) any breach of any representation, covenant and warranty of the Bidder in this deed;
- (iii) the implementation of the Scheme; or
- (iv) any disclosure made (at any time) by any Bidder Party including in the Bidder Due Diligence Material that contains any statement which is false or misleading whether in content or by omission,

except to the extent that the relevant Bidder Party has engaged in wilful misconduct or fraud.

- (b) This clause 9.2 is subject to any Corporations Act restriction and will (if and to the extent required) be read down accordingly. The Bidder receives and holds the benefit of this clause as trustee for each other Bidder Party.

10. Public announcements

10.1 Announcement of the Transaction

Immediately after the execution of this deed, the Target and the Bidder must each issue a public announcement in a form previously agreed between them in writing. Subject always to the qualifications and limitations in clause 7 and elsewhere in this deed, the Target announcement must include the Recommendation and Voting Statement contemplated under clause 7.1.

10.2 Other public announcements

Each party must:

- (a) prior to making any public announcement or disclosure of, or in relation to, the Transaction or any other transaction the subject of this deed or the Scheme to the extent reasonably practicable and lawful, consult with the other party as to the timing, form and content of that announcement or disclosure, including by giving the other party a reasonable opportunity to review it in draft form and taking into account all reasonable comments from them on the draft; and
- (b) not make any such public announcement or disclosure prior to such consultation, except as may be required by applicable law or the rules of any applicable securities exchange (including the ASX Listing Rules).

10.3 Statements on termination

The parties must use all reasonable endeavours to issue agreed statements in respect of any termination of this deed and, to that end but without limitation, clause 10.2 applies to any such statements or disclosures.

11. Exclusivity

11.1 No current discussions regarding a Competing Proposal

Each party represents and warrants that, as at the date of this deed, neither itself nor any of its Representatives is a party to any agreement with a Third Party entered into for the purpose of facilitating a Competing Proposal or is participating in any discussions or negotiations with a Third Party that concern, or that could reasonably be expected to lead to, a Competing Proposal with any Third Party.

11.2 No-shop, no talk and no due diligence

During the Exclusivity Period, each party must not, and must ensure that each of its Representatives and their respective Associates, does not, directly or indirectly:

- (a) **(no shop):**
 - (i) solicit, invite, initiate or encourage any Competing Proposal or any enquiries, proposals, discussions or negotiations with any Third Party in relation to (or that could reasonably be expected to encourage or lead to) an actual, proposed or potential Competing Proposal, or which may otherwise lead to the Transaction not being completed; or
 - (ii) solicit, invite, encourage or initiate approaches, enquiries, discussions or proposals with a view to obtaining any offer, proposal or expression of interest from any person in relation to, or which may reasonably be expected to lead to, an actual, proposed or potential Competing Proposal,
- or communicate any intention to do any of these things; or

- (b) **(no talk)** subject to clause 11.5:
- (i) negotiate or enter into or participate in negotiations or discussions with any Third Party; or
 - (ii) communicate any intention to do any of these things,

in relation to (or that could reasonably be expected to encourage or lead to) an actual or potential Competing Proposal, or any agreement, understanding or arrangement that may be reasonably expected to encourage or lead to a Competing Proposal or which may otherwise lead to the Transaction not being completed, even if that Third Party's Competing Proposal was not directly or indirectly solicited, encouraged or initiated by the Target or Bidder (as relevant) or any of its Representatives, or that Third Party has publicly announced the Competing Proposal; and

- (c) **(no due diligence)** subject to clause 11.5:
- (i) solicit, invite, initiate, encourage, facilitate or permit, any person (other than the Bidder or Target as relevant) to undertake due diligence investigations in respect of the Bidder or Target (as relevant), its Related Bodies Corporate, or any of their businesses and operations; or
 - (ii) make available to any person (other than the Bidder or Target (as relevant)) or permit any such person to receive any non-public information relating to the Target or Bidder (as relevant), its Related Bodies Corporate, or any of their businesses and operations,

in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal.

11.3 Notification of approaches

- (a) During the Exclusivity Period, each party must promptly (and in any event within two Business Days) notify the other party in writing if the party or any of its Representatives:
- (i) receives any Competing Proposal;
 - (ii) receives any approach, inquiry or proposal made by any Third Party to initiate any discussions or negotiations that could reasonably be expected to lead to a Competing Proposal;
 - (iii) becomes aware of any provision by it or any of its Representatives of, any material non-public information relating to any member of the Target Group or Bidder Group (as relevant) to any Third Party in relation to any Competing Proposal; or
 - (iv) any breach of this clause 11,

whether direct, indirect, solicited or unsolicited, and in writing or otherwise.

- (b) Subject to clause 11.5, a notification given under clause 11.3(a) must include a summary of the material terms and conditions of the Competing Proposal (if any) and the identity of the Third Party making or proposing the Competing Proposal.

11.4 Bidder matching right

- (a) Without limiting clause 11.2, during the Exclusivity Period, the Target:
- (i) must not, and must procure that each member of the Target Group does not, enter into any legally binding agreement, arrangement or understanding in

relation to a Competing Proposal. For the avoidance of doubt, any such legally binding agreement, arrangement or understanding does not include a member of the Target Group entering into a confidentiality agreement or like agreement for the purpose of providing non-public information in relation to an actual, proposed or potential Competing Proposal; and

- (ii) must procure that no Target Director publicly changes, withdraws or adversely modifies their Recommendation or Voting Statement to publicly recommend a Competing Proposal, and must not enter into any agreement to implement a Competing Proposal, or make any public statement to the effect that he or she no longer supports the Scheme, unless the withdrawal, change, modification or qualification is permitted by clauses 7.2, 7.3 or 11.4(c),

unless:

- (iii) the Target Board determines that the Competing Proposal is or is reasonably likely to be a Superior Proposal;
 - (iv) the Target has provided the Bidder with all material terms of the actual, proposed or potential Competing Proposal, including price and the identity of the Competing Bidder making the actual, proposed or potential Competing Proposal;
 - (v) the Target has given the Bidder at least ten (10) days after the date of the provision of the information referred to in clause 11.4(a)(iv) to provide a counter proposal to the terms of the actual, proposed or potential Competing Proposal (**Bidder Counterproposal**); and
 - (vi) the Bidder has not announced a Bidder Counterproposal that the Target Board, acting reasonably and in good faith, determines would result in an outcome for the Target Shareholders that is at least as favourable as the terms of the actual, proposed or potential Competing Proposal by the expiry of the ten (10) day period in clause 11.4(a)(v).
- (b) If the Bidder provides the Target with a Bidder Counterproposal by the expiry of the ten (10) day period in clause 11.4(a)(v), the Target must use reasonable endeavours to procure that the Target Board reviews the Bidder Counterproposal and if the Target Board, acting reasonably and in good faith, determines that the Bidder Counterproposal would provide a matching or superior outcome for Target Shareholders as a whole compared with the Competing Proposal, taking into account all of the material terms and conditions of the Bidder Counterproposal, then:
- (i) the Target and the Bidder must use their reasonable endeavours to agree the amendments to this deed, the Scheme and the Deed Poll that are reasonably necessary to reflect the Bidder Counterproposal and to implement the Bidder Counterproposal, in each case as soon as reasonably practicable; and
 - (ii) the Target must use its best endeavours to procure that each Target director continues to recommend the Transaction (as modified by the Bidder Counterproposal) to Target Shareholders (other than as permitted by this deed).
- (c) Despite any other provision in this deed, any public announcement or other statement by the Target, the Target Board or any Target Director to the effect that:
- (i) the Target Board has determined that a Competing Proposal is a Superior Proposal and has commenced the matching right process set out in this clause 11.4; or

- (ii) Target Shareholders should take no action pending the completion of the matching right process set out in this clause 11.4,

does not:

- (iii) constitute a failure to make, or an adverse change, withdrawal, adverse modification or adverse qualification of, a Recommendation or Voting Statement or an endorsement of a Competing Proposal;
 - (iv) contravene clause 7 or any other provision of this deed;
 - (v) give rise to an obligation to pay the Target Break Fee under clause 12; or
 - (vi) give rise to a termination right under clause 14 or any other provision of this deed.
- (d) For the purposes of this clause 11.4, any material change to a Competing Proposal will constitute a new Competing Proposal in respect of which the Target must separately comply with its obligations under this clause 11.4.

11.5 Fiduciary exception

Clauses 11.2(b), 11.2(c) and 11.3(a) do not apply to the extent they restrict a party or its Board from taking or not taking any action with respect to a genuine bona fide Competing Proposal (which was not solicited, invited, encouraged or initiated in breach of clause 11.2), provided that:

- (a) the relevant Board has first determined, in good faith, and in what it considers to be in the interests of the Target or Bidder (as applicable) and its shareholders, and after having received written advice from its external financial and external legal Advisers, that:
 - (i) such genuine bona fide Competing Proposal is, or could reasonably be expected to lead to, a Superior Proposal; and
 - (ii) taking the action or refusing to take the action (as the case may be) with respect to the Competing Proposal would be likely to constitute a breach of the fiduciary or statutory obligations of its Board;
- (b) the party notifies the other party, as soon as reasonably practicable, if it proposes to take any action in reliance on the exceptions contained in this clause 11.5; and
- (c) in respect of an action to which clause 11.2(c) applies, before any non-public information in relation to a party or its subsidiaries is disclosed or otherwise provided or made available to the Third Party, the Third Party has entered into a confidentiality deed with the party on customary terms.

11.6 Compliance with law

- (a) This clause 11 imposes obligations on the parties only to the extent that the performance of all or part of those obligations:
 - (i) does not constitute unacceptable circumstances as declared by the Takeovers Panel; or
 - (ii) is not determined to be unlawful by a court (including by virtue of it being a breach of the relevant Board's fiduciary or statutory duties).
- (b) The parties must not make, or cause or permit to be made, any application to the Takeovers Panel or a court for, or in relation to, a declaration or determination of a kind referred to in clause 11.6(a) and, in the event that any such application is made by a

Third Party, must take all reasonable steps (including by making submissions against the declaration or determination) to ensure that any such determination is not made or applies to the minimum extent possible.

11.7 Normal provision of information

Nothing in this clause 11 prevents a party from:

- (a) providing information to its Representatives, auditors, customers, financiers, joint venturers and suppliers acting in that capacity in the ordinary course of business, or any Government Agency;
- (b) providing information required to be provided by law, including to satisfy its obligations of disclosure under the ASX Listing Rules or to any Government Agency;
- (c) making presentations to, and responding to enquiries from, brokers, portfolio investors, analysts, institutional investors and institutional lenders in the ordinary course in relation to its business generally; or
- (d) engaging with its shareholders (in their capacity as a shareholder) in the ordinary course and consistent with past practice, in relation to the Target Group.

12. Target Break Fee

12.1 Background

This clause 12 has been agreed to in circumstances where:

- (a) the Target believes the implementation of the Scheme will provide significant benefits to it and its shareholders, and acknowledges that, if the Bidder enters into this deed and the Scheme is subsequently not implemented, the Bidder will have incurred significant costs and expenses in pursuing the Scheme;
- (b) the Bidder requested provision be made for the relevant payment outlined in this clause 12, and the Bidder would not have entered into this deed without an agreement on the matters covered by this clause 12;
- (c) the Target Board believes that it is reasonable and appropriate to agree to the payment referred to in this clause 12 to secure the Bidder's entry into this deed; and
- (d) the Target has received separate legal advice in relation to this deed and the operation of this clause 12.

The parties acknowledge and agree that the costs actually incurred by the Bidder as referred to in clause 12.1(a) will be of such nature that they cannot be accurately ascertained, but that the Target Break Fee represents a genuine and reasonable pre-estimate of the internal, external advisory, financial and opportunity costs (and associated out of pocket expenses) that would actually be suffered by the Bidder if the Bidder enters into this deed and the Scheme is subsequently not implemented.

12.2 Payment of Target Break Fee

Subject to clause 12.3 and 12.5, the Target must pay the Bidder the Target Break Fee if:

- (a) at any time before the End Date or, if earlier, the date the deed is terminated under clause 14, any Target Director:
 - (i) fails to make or publicly withdraws or adversely changes, modifies or qualifies their Recommendation or Voting Statement; or

- (ii) makes a public statement that he or she no longer recommends the Transaction or recommending, supporting or endorsing another transaction (including any Competing Proposal),

in each case provided that the Bidder has terminated this deed in accordance with clause 14.1(b), and unless:

- (iii) the Independent Expert concludes that the Scheme is not in the best interests of Target Shareholders (except where this conclusion of the Independent Expert is due to the existence of a Competing Proposal);
 - (iv) the withdrawal or adverse change or modification is permitted by clause 7.2(a)(iii); or
 - (v) the Target is (or would have been) entitled to terminate this deed pursuant to clause 14.1(a)(i) or 14.2;
- (b) the Bidder validly terminates this deed under clause 14.1(a)(i) or 14.1(b); or
 - (c) the Bidder terminates this deed under clause 3.7(b) due to a failure of the Conditions Precedent in clause 3.1(h) or clause 3.1(j).

12.3 Payment conditions

- (a) Notwithstanding the occurrence of any event under clause 12.2, no amount is payable under that clause if the Scheme becomes Effective.
- (b) The Target can only ever be liable to pay the Target Break Fee once.

12.4 Timing of payment

If the Target Break Fee is payable under this clause 12, the Target must pay the Target Break Fee within five Business Days of receipt of a written demand for payment from the Bidder.

12.5 Compliance with law

- (a) This clause 12 imposes obligations on the Target only to the extent that the performance of those obligations:
 - (i) does not constitute unacceptable circumstances as declared by the Takeovers Panel; and
 - (ii) is not otherwise unlawful or is held to be unenforceable by a court (including by virtue of it constituting a breach of the fiduciary or statutory duties of any member of the Target Board).
- (b) If the Target Break Fee has been paid by the Target and clause 12.5(a) applies, the Bidder must reimburse all (or the relevant portion specified by a court or the Takeovers Panel, as applicable) of that amount to the Target within ten Business Days after receipt of a written demand for reimbursement from the Target.
- (c) The parties must not make, or cause or permit to be made, any application to the Takeovers Panel or a court for or in relation to a declaration or determination of a kind referred to in clause 12.5(a).

12.6 Limitation of liability

- (a) Subject to clause 12.6(b) and notwithstanding any other provision of this deed:

- (i) the payment of the Target Break Fee by the Target to the Bidder is the Bidder's sole and exclusive remedy in respect of the matter giving rise to the payment of the Target Break Fee and otherwise in respect of this deed and no further damages, fees, expenses or reimbursements of any kind will be payable by the Target in respect of such matter or otherwise in connection with this deed;
 - (ii) the maximum liability of the Target to the Bidder and the maximum aggregate amount that the Target may be required to pay in relation to this deed and the Scheme (including any breach of this deed by the Target) is the amount of the Target Break Fee; and
 - (iii) the amount of the Target Break Fee payable to the Bidder under this clause 12 shall be reduced by the amount of any loss or damage recovered by the Bidder in relation to a breach of any other clause of this deed.
- (b) Clause 12.6(a) does not limit the liability of the Target under or in connection with this deed in respect of any fraud, wilful misconduct or wilful or intentional breach by Target of this deed.

13. Bidder Break Fee

13.1 Background

This clause 13 has been agreed to in circumstances where:

- (a) the Bidder believes the implementation of the Scheme will provide significant benefits to it and its security holders, and acknowledges that, if the Target enters into this deed and the Scheme is subsequently not implemented, the Target will have incurred significant costs and expenses in pursuing the Scheme;
- (b) the Target requested provision be made for the relevant payment outlined in this clause 13, and the Target would not have entered into this deed without an agreement on the matters covered by this clause 13;
- (c) the Bidder believes that it is reasonable and appropriate to agree to the payment referred to in this clause 13 to secure the Target's entry into this deed; and
- (d) the Bidder has received separate legal advice in relation to this deed and the operation of this clause 13.

The parties acknowledge and agree that the costs actually incurred by the Target as referred to in clause 13.1(a) will be of such nature that they cannot be accurately ascertained, but that the Bidder Break Fee represents a genuine and reasonable pre-estimate of the internal, external advisory, financial and opportunity costs (and associated out of pocket expenses) that would actually be suffered by the Target if the Target enters into this deed and the Scheme is subsequently not implemented.

13.2 Payment of Bidder Break Fee

- (a) The Bidder must pay the Target the Bidder Break Fee if:
 - (i) the Target validly terminates this deed under clause 14.1(a)(i); or
 - (ii) the Target terminates this deed under clause 3.7(b) due to a failure of the Conditions Precedent in clause 3.1(i) or clause 3.1(k).
- (b) The Bidder can only ever be liable to pay the Bidder Break Fee once.

13.3 Timing of payment

If the Bidder Break Fee is payable under this clause 13, the Bidder must pay the Bidder Break Fee within five Business Days of receipt of a written demand for payment from the Target.

13.4 Compliance with law

- (a) This clause 13 imposes obligations on the Bidder only to the extent that the performance of those obligations:
 - (i) does not constitute unacceptable circumstances as declared by the Takeovers Panel; and
 - (ii) is not otherwise unlawful or is held to be unenforceable by a court (including by virtue of it constituting a breach of the fiduciary or statutory duties of any member of the Bidder Board).
- (b) If the Bidder Break Fee has been paid by the Bidder and clause 13.4(a) applies, the Target must reimburse all (or the relevant portion specified by a court or the Takeovers Panel, as applicable) of that amount to the Bidder within ten Business Days after receipt of a written demand for reimbursement from the Bidder.
- (c) The parties must not make, or cause or permit to be made, any application to the Takeovers Panel or a court for or in relation to a declaration or determination of a kind referred to in clause 13.4(a).

13.5 Limitation of liability

- (a) Subject to clause 13.5(b) and notwithstanding any other provision of this deed:
 - (i) the payment of the Bidder Break Fee by the Bidder to the Target is the Target's sole and exclusive remedy in respect of the matter giving rise to the payment of the Bidder Break Fee and otherwise in respect of this deed and no further damages, fees, expenses or reimbursements of any kind will be payable by the Bidder in respect of such matter or otherwise in connection with this deed;
 - (ii) the maximum liability of the Bidder to the Target and the maximum aggregate amount that the Bidder may be required to pay in relation to this deed and the Scheme (including any breach of this deed by the Bidder) is the amount of the Bidder Break Fee; and
 - (iii) the amount of the Bidder Break Fee payable to the Target under this clause 13 shall be reduced by the amount of any loss or damage recovered by the Target in relation to a breach of any other clause of this deed.
- (b) Clause 13.5(a) does not limit the liability of the Bidder under or in connection with this deed in respect of any fraud, wilful misconduct or wilful or intentional breach by the Bidder of this deed.

14. Termination

14.1 General rights

- (a) Either party may terminate this deed by written notice to the other at any time before 8:00am on the Second Court Date:
 - (i) if:
 - (A) either:

- (I) the other party is in material breach of any provision of this deed (other than a Bidder Representation and Warranty or a Target Representation and Warranty not being true and correct); or
 - (II) a representation and warranty given by the other party (being the Bidder Representations and Warranties where the "other party" is the Bidder, and being the Target Representations and Warranties where the "other party" is the Target) is not true and correct, where that breach of representation and warranty is material in the context of the Transaction as a whole;
- (B) the party wishing to terminate has given written notice to the other party setting out the relevant circumstances and stating an intention to terminate this deed; and
 - (C) the relevant circumstances continue to exist for five Business Days from the time the notice of intention to terminate is given (or any shorter period ending at 5:00pm on the Business Day before the Second Court Date); or
- (ii) in the circumstances set out in, and in accordance with, clause 3.7(b).
- (b) The Bidder may terminate this deed by written notice to the Target at any time before 8:00am on the Second Court Date if any Target Director:
 - (i) fails to provide the Recommendation or Voting Statement;
 - (ii) has changed, withdrawn or adversely modified or qualified, or made a public statement that is inconsistent with, their Recommendation or Voting Statement; or
 - (iii) has recommended or made a statement indicating that he or she no longer supports the Transaction or is recommending, supporting or endorsing another transaction (including a Competing Proposal),
 in each case other than as permitted by this deed.
- (c) Either party may terminate this deed by written notice to the other at any time before 8.00am on the Second Court Date if:
 - (i) the Scheme is not Effective by the End Date;
 - (ii) the Court refuses to grant orders directing the Target to convene the Scheme Meeting or approving the Scheme, and either an appeal made in accordance with clause 5.2 is not successful or no appeal is made in accordance with clause 5.2;
 - (iii) a Court or other Government Agency has issued a final and non-appealable order, decree or ruling or taken other action which permanently restrains or prohibits the Scheme; or
 - (iv) it is agreed to in writing by the parties.
 - (d) Without limiting the Target's obligations under clause 7, the Target may terminate this deed by written notice to the Bidder at any time before 8:00am on the Second Court Date if a majority of the Target Board withdraws its recommendation that Target Shareholders vote in favour of the Scheme at the Scheme Meeting and, if required to pay the Target Break Fee as a result of such withdrawal, the Target has paid Bidder the Target Break Fee.

14.2 Automatic termination

Subject to clause 3.6, and without limiting any other term of this deed, this deed will terminate automatically if, at the Scheme Meeting, Target Shareholders do not pass the resolution to approve the Scheme in accordance with the requirements of section 411(4)(a)(ii) of the Corporations Act.

14.3 Effect of termination

If this deed is terminated by a party under clause 3.7(b) or 14.1 or pursuant to clause 14.2, this deed will be of no force or effect, without any liability or obligation on the part of any party, other than in relation to rights and obligations that accrued before termination and the provisions of this clause 14 and of clauses 1.1, 8.4, 9, 10, 12, 13, 15, 16, 17 and 18, which will remain in force after the termination.

14.4 Termination by written agreement

The parties may terminate this deed by another written agreement between them.

15. Confidentiality

The Confidentiality Deed continues to apply to the parties in accordance with its terms, except to the extent of any express inconsistency with the terms of this deed, in which case this deed prevails.

16. GST

16.1 Definitions

Words used in this clause 16 that have a defined meaning in the GST Law have the same meaning as in the GST Law unless the context indicates otherwise.

16.2 GST

- (a) Unless expressly stated otherwise, the consideration for any supply under or in connection with this deed is exclusive of GST.
- (b) To the extent that any supply made under or in connection with this deed is a taxable supply (other than any supply made under another deed that contains a specific provision dealing with GST), the amount payable by the recipient is the consideration provided under this deed for that supply (unless it expressly includes GST) plus an amount (**Additional Amount**) equal to the amount of that consideration (or its GST exclusive market value) multiplied by the rate at which GST is imposed in respect of the supply.
- (c) The recipient must pay the Additional Amount at the same time as the consideration to which it is referable, and upon the issue of an invoice relating to the supply.
- (d) Whenever an adjustment event occurs in relation to any taxable supply to which clause 16.2(b) applies:
 - (i) the supplier must determine the amount of the GST component of the consideration payable; and
 - (ii) if the GST component of that consideration differs from the amount previously paid, the amount of the difference must be paid by, refunded to or credited to the recipient, as applicable.

16.3 Reimbursements

If either party is entitled under this deed to be reimbursed or indemnified by the other party for a cost or expense incurred in connection with this deed, the reimbursement or indemnity payment must not include any GST component of the cost or expense to the extent that the cost or expense is the consideration for a creditable acquisition made by the party being reimbursed or indemnified, or by its representative member in respect of a GST group to which it belongs.

16.4 Survival

This clause 16 will continue to apply after expiration or termination of this deed.

17. Notices

Any notice, demand, consent or other communication (**Notice**) given or made under this deed:

- (a) must be in writing and signed by a person duly authorised by the sender;
- (b) must be delivered to the intended recipient:
 - (i) by prepaid post (or, if posted to an address in another country, by registered airmail) or by hand to the address below or the address last notified by the intended recipient to the sender; or
 - (ii) by email to the email address below or the email address last notified by the intended recipient to the sender:

to the Bidder:	Address:	Elixinol Wellness Limited Level 12, 680 George Street, Sydney, NSW, 2000, Australia
	Email:	company.secretary@elixinolwellness.com ; with a copy to (which by itself does not constitute a Notice) to: shane.barber@twobirds.com
	Attention:	Group Chief Executive Officer and Managing Director

to the Target:	Address:	The Sustainable Nutrition Group Ltd C/- Leydin Freyer, Level 4, 96-100 Albert Road, South Melbourne VIC 3205
	Email:	pauline@sustainablenutrition.com.au
	Attention:	Pauline Gately

- (c) will be conclusively taken to be duly given or made:
 - (i) in the case of delivery by hand, when delivered;
 - (ii) in the case of delivery by post, six Business Days after the date of posting (if posted to an address in the same country) or ten Business Days after the date of posting (if posted to an address in another country); and
 - (iii) in the case of delivery by email, the earlier of:

- (A) the time that the sender receives an automated message from the intended recipient's information system confirming delivery of the email;
- (B) the time that the email is first opened or read by the intended recipient, or an employee or officer of the intended recipient; and
- (C) two hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives, within that two hour period, an automated message that the email has not been delivered,

but if the result is that a Notice would be regarded as given and received outside the period between 9.00 am and 5.00 pm (addressee's time) on a Business Day (**Business Hours Period**), then the Notice will instead be regarded as given and received at the start of the following Business Hours Period.

18. General provisions

18.1 Amendment

An amendment or variation of any term of this deed must be in writing in the form of a deed executed by each party.

18.2 Assignment

Any rights or obligations of a party that arise out of or under this deed are not assignable or able to be novated or otherwise dealt with by a party without the prior written consent of the other party.

18.3 Costs and stamp duty

Except as otherwise provided in this deed, each party will pay its own costs and expenses in connection with the negotiation, preparation, execution and performance of this deed. The Bidder must pay all stamp duties (if any) and any fines and penalties with respect to stamp duty in respect of this deed or the steps to be taken under this deed and any instrument executed under or any transaction evidenced by this deed.

18.4 Payments

Unless otherwise expressly provided in this deed, where an amount is required to be paid to a party (the **Receiving Party**) by another party under this deed, that amount must be paid:

- (a) in immediately available and irrevocable funds by electronic transfer to a bank account or accounts notified by the Receiving Party in writing on or before the due date for payment, or in other such immediately payable funds as the parties may agree; and
- (b) without deduction, withholding or set-off.

18.5 Counterparts

This deed may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument.

18.6 Electronic means

The parties agree that:

- (a) this deed may be formed, and will in all respects be binding on the parties if so formed, by any electronic means; and

- (b) any requirement under this deed that a document or notice be given “in writing” may be satisfied by a document displayed, stored and retrieved by electronic means.

18.7 Entire agreement and reliance

This deed, the Confidentiality Deed and any other documents specified by the parties for the purposes of this clause 18.7 contain the entire agreement between the parties with respect to their subject matter. Without prejudice to any rights a party may have in relation to information lodged by the other party with ASIC or ASX, no party has relied on any statement, representation, assurance or warranty made or given by any other party, except as expressly set out in this deed.

18.8 Further assurances

Each party must at its own expense do all things and execute all documents necessary to give full effect to this deed and the transactions contemplated by it and use its reasonable endeavours to procure that any third parties do the same.

18.9 Governing law and jurisdiction

This deed is governed by the laws in force in New South Wales. Each party irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction there and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed and waives any right it has to object to the venue of any legal process in those courts on the basis that the process has been brought in an inconvenient forum or that those courts do not have jurisdiction.

18.10 No merger

The rights and obligations of the parties will not merge on the completion of any transaction contemplated by this deed. They will survive the execution and delivery of any assignment or other document entered into for the purpose of implementing a transaction.

18.11 No waiver

A failure to exercise or a delay in exercising any right, power or remedy under this deed does not operate as a waiver. A single or partial exercise or waiver of the exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the party granting that waiver unless made in writing.

18.12 Severability of provisions

Any provision of this deed that is prohibited or unenforceable in any jurisdiction is ineffective as to that jurisdiction to the extent of the prohibition or unenforceability. That does not invalidate the remaining provisions of this deed nor affect the validity or enforceability of that provision in any other jurisdiction.

Schedule 1
Bidder Representations and Warranties

1. **(Status)** It is a corporation duly incorporated and validly existing under the laws of the place of its incorporation.
2. **(Power)** It has the power to enter into and perform its obligations under this deed to carry out the transactions contemplated by this deed.
3. **(Corporate authorisations)** It has taken all necessary corporate action to authorise the entry into and the performance of this deed by it and to carry out the transactions contemplated by this deed.
4. **(Documents binding)** This deed is its valid and binding obligation enforceable in accordance with its terms.
5. **(Transactions permitted)** The execution and performance by it of this deed and each transaction contemplated by this deed did not and will not violate any provision of:
 - (a) a law or treaty or a judgment, ruling, order or decree of a Government Agency binding on it or any of its Subsidiaries; or
 - (b) its constituent documents.
6. **(Capital structure)**
 - (a) As at the date of this deed, the Bidder has:
 - (i) 316,265,571 Bidder Shares on issue; and
 - (ii) 14,617,944 Bidder Security Rights on issue,and there are no other securities issued and outstanding as at the date of this deed.
 - (b) No member of the Bidder Group is subject to any obligation (including any contingent obligation) to issue or have transferred to any person securities in or of it or any other member of the Bidder Group other than Bidder Shares that may be issued under the terms of the Bidder Security Rights that Bidder has issued and outstanding as at the date of this deed.
7. **(Diluted capital)** As at 8:00am on the Second Court Date, there will be on issue no more than 517,148,817 Bidder Shares, and other than as set out in paragraph 6(a)(iii) above, no Bidder Security Rights or any other securities, options, performance rights or instruments will be outstanding or become outstanding or convertible into Bidder Shares, and no ongoing obligation to issue any further securities in Bidder under any agreement, arrangement or understanding entered into by any member of the Bidder Group.
8. **(Continuous disclosure)**
 - (a) it has complied in all material respects with its continuous disclosure obligations under ASX Listing Rule 3.1; and
 - (b) as at the date of this deed, it is not withholding any information from public disclosure in reliance on ASX Listing Rule 3.1A (other than the information in relation to the Transaction).
9. **(Solvency)** No member of the Bidder Group is the subject of an Insolvency Event.

10. **(No material breach of laws)** Each member of the Bidder Group has complied in all material respects with all Australian or foreign laws and regulations applicable to them or orders of Australian or foreign Government Agencies having jurisdiction over it.
11. **(Material licences and authorisations)** The Bidder Group has all material licences, permits and franchises necessary for it to conduct its activities as they are conducted as at the date of this deed.
12. **(Bidder Data Room Material)** The Bidder Data Room Material has been collated and prepared in good faith, and the Bidder is not aware of any information contained in the Bidder Data Room Material that is false, misleading or deceptive in any material respect (including by omission). Other than where the Bidder has indicated to the Target that it is withholding particular information from disclosure to the Target on the basis that it is commercially sensitive information, the Bidder has not intentionally withheld information from disclosure to the Target which has been requested by the Target and its Representatives and could reasonably be expected to be material to the Target's evaluation of the Bidder Group and the merits of the Transaction. For the avoidance of doubt, the Bidder makes no representation or warranty whatsoever as to the adequacy or sufficiency of the Bidder Data Room Material for the purpose of the Target directors recommending the Scheme to Target Shareholders, which are matters of which the Target must satisfy itself.
13. **(No Regulatory Approvals)** No approval from any Government Agency is required to be obtained by the Bidder in order to execute and perform this deed, other than the Required Regulatory Approvals disclosed to the Target in writing prior to the date of this deed.
14. **(No regulatory action)** As at the date of this deed, no regulatory action of any nature of which the Bidder is aware has been taken or threatened that may prevent or in any way restrict its liability to fulfil its obligations under this deed, the Scheme or the Deed Poll.
15. **(Bidder Information)** The Bidder Information provided for inclusion in the Scheme Booklet (including in the Independent Expert's Report), as at the date the Scheme Booklet is despatched to Target Shareholders, complies with all applicable laws, will not be misleading or deceptive in any material respect (with any statement of belief or opinion having been formed on a reasonable basis), including by way of omission or otherwise.
16. **(Basis of Bidder Information)** The Bidder Information will be provided to the Target in good faith and on the understanding that the Target and each other Target Party will rely on that information for the purposes of preparing the Scheme Booklet and determining to proceed with the Transaction, and any information provided by the Bidder to the Independent Expert will, as at the date that information is provided, be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purpose of preparing the Independent Expert's Report.
17. **(New information)** The Bidder will, as a continuing obligation, provide to the Target all further or new information which arises after the Scheme Booklet has been despatched to Target Shareholders until the date of the Scheme Meeting which is necessary to ensure that the Bidder Information is not misleading or deceptive in any material respect (including by way of omission).
18. **(No material undisclosed liability)** Other than as Fairly Disclosed in the Bidder Due Diligence Material, so far as the Bidder Executive Team is aware as at the date of this deed, there is no current claim (and Bidder has not received notice of any pending claim), dispute, demand, action, litigation, prosecution, arbitration, investigation, mediation or other proceeding which could reasonably be expected to result in an award, settlement, fine, penalty, order, loss or other liability to the Bidder Group of more than \$100,000.00, and the Bidder Executive Team are not aware of any anticipated matter of this kind.
19. **(No defaults)** As at the date of this deed, no member of the Bidder Group is in material default under any material document, agreement or instrument binding on it or its assets nor has

anything occurred of which Bidder is aware which is or would with the giving of notice or the lapse of time constitute an event of default, prepayment event or similar event.

20. **(Financial Indebtedness)** No member of the Bidder Group has incurred any Financial Indebtedness.
21. **(Security Interests)** There are no Security Interests over any asset or securities of a member of the Bidder Group.
22. **(Compliance)** Each member of the Bidder Group has complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign Government Agencies having jurisdiction over them and have all material licenses, authorisations and permits necessary for them to conduct the business of the Bidder Group as presently being conducted.
23. **(Financial Statements)** The Bidder's financial statements as disclosed to ASX have been prepared in accordance with the Accounting Standards on a basis consistent with past practice financial statements and there has not been any event, change, effect or development which would require the Bidder to restate its financial statements as disclosed to ASX.
24. **(Assets)** The Bidder Group owns, or has the right to use, all of the assets that are material for the conduct of the business of the Bidder Group and will continue to do so upon and immediately following the Implementation Date.
25. **(Contracts)** No agreement which is material to the business of the Bidder Group is to be terminated as a result of the Transaction including without limitation there are no contracts that are terminable as a result of a change of control.
26. **(No knowledge of Bidder Material Adverse Change)** As at the date of this deed, the Bidder is not aware of any information relating to the Bidder Group or its respective businesses or operations that has or could reasonably be expected to give rise to a Bidder Material Adverse Change that has not been Fairly Disclosed to ASX prior to the date of this deed or Fairly Disclosed in the Bidder Due Diligence Material.

Schedule 2
Target Representations and Warranties

1. **(Status)** Each member of the Target Group is duly incorporated and validly existing under the laws of the place of its incorporation.
2. **(Power)** It has the power to enter into and perform its obligations under this deed to carry out the transactions contemplated by this deed.
3. **(Corporate authorisations)** It has taken all necessary corporate action to authorise the entry into and performance of this deed by it and to carry out the transactions contemplated by this deed.
4. **(Deed binding)** This deed is its valid and binding obligation enforceable in accordance with its terms.
5. **(Transactions permitted)** The execution and performance by it of this deed and each transaction contemplated by this deed did not and will not violate any provision of:
 - (a) a law or treaty or a judgment, ruling, order or decree of a Government Agency binding on it or any of its Subsidiaries; or
 - (b) its Constitution or other constituent documents.
6. **(Capital structure)**
 - (a) As at the date of this deed, the Target has:
 - (i) 120,606,385 Target Shares on issue;
 - (ii) 15,480,430 Target Options on issue; and
 - (iii) 420,000 Target Performance Rights on issue,and there are no other securities issued and outstanding as at the date of this deed.
 - (b) No member of the Target Group is subject to any obligation (including any contingent obligation) to issue or have transferred to any person securities in or of it or any other member of the Target Group other than Target Shares that may be issued under the terms of the Target Options or Target Performance Rights that the Target has issued and outstanding as at the date of this deed.
7. **(Diluted capital)** As at 8:00am on the Second Court Date, there will be on issue no more than 140,902,900 Target Shares, and other than as set out in paragraph 6(a)(ii) and 6(a)(iii) above, no Target Security Rights or any other securities, options, performance rights or instruments will be outstanding or become outstanding or convertible into Target Shares, and no ongoing obligation to issue any further securities in Target under any agreement, arrangement or understanding entered into by any member of the Target Group.
8. **(Continuous disclosure):**
 - (a) it has complied in all material respects with its continuous disclosure obligations under ASX Listing Rule 3.1; and
 - (b) as at the date of this deed, it is not withholding any information from public disclosure in reliance on ASX Listing Rule 3.1A (other than the information in relation to the Transaction).
9. **(Scheme Booklet)** At the time Target commenced sending the Scheme Booklet to Target Shareholders, the information contained in the Scheme Booklet (other than the Bidder

Information and the Independent Expert's Report) is true and correct in all material respects, complies with all applicable laws and does not contain any statement which is misleading or deceptive in any material respect (whether by omission or otherwise).

10. **(New Information)** Target will, as a continuing obligation (but in respect of the Bidder Information, only to the extent that Bidder provides Target with updates to the Bidder Information), ensure that the Scheme Booklet is updated or supplemented to include all further or new information which arises after the Scheme Booklet has been despatched to Target Shareholders until the date of the Scheme Meeting which is necessary to ensure that the Scheme Booklet is not misleading or deceptive in any material respect (including by way of omission).
11. **(Solvency)** No member of the Target Group is the subject of an Insolvency Event.
12. **(No material breach of laws)** Each member of the Target Group has complied in all material respects with all Australian or foreign laws and regulations applicable to them or orders of Australian or foreign Government Agencies having jurisdiction over it.
13. **(Material licences and authorisations)** The Target Group has all material licences, permits and franchises necessary for it to conduct its activities as they are conducted as at the date of this deed.
14. **(Target Data Room Material)** The Target Data Room Material has been collated and prepared in good faith, and Target is not aware of any information contained in the Target Data Room Material that is false, misleading or deceptive in any material respect (including by omission). Other than where Target has indicated to Bidder that it is withholding particular information from disclosure to Bidder on the basis that it is commercially sensitive information, Target has not intentionally withheld information from disclosure to Bidder which has been requested by Bidder and its Representatives and could reasonably be expected to be material to Bidder's evaluation of the Target Group and the merits of the Transaction. For the avoidance of doubt, Target makes no representation or warranty whatsoever as to the adequacy or sufficiency of the Target Data Room Material for the purpose of Bidder acquiring the Scheme Shares or for Bidder's funding of that acquisition, which are matters of which Bidder must satisfy itself.
15. **(Regulatory Approvals)** As far as Target is aware, no approval from any Government Agency is required to be obtained by Target in order to execute and perform this deed, other than, for the avoidance of doubt, approvals from ASIC and the Court, as contemplated by this deed.
16. **(No material undisclosed liability)** Other than as Fairly Disclosed in the Target Due Diligence Material, so far as the Target Executive Team is aware as at the date of this deed, there is no current claim (and Target has not received notice of any pending claim), dispute, demand, action, litigation, prosecution, arbitration, investigation, mediation or other proceeding which could reasonably be expected to result in an award, settlement, fine, penalty, order, loss or other liability to the Target Group of more than \$100,000.00, and the Target Executive Team are not aware of any anticipated matter of this kind.
17. **(No defaults)** As at the date of this deed, no member of the Target Group is in material default under any material document, agreement or instrument binding on it or its assets nor has anything occurred of which Target is aware which is or would with the giving of notice or the lapse of time constitute an event of default, prepayment event or similar event.
18. **(Financial Indebtedness)** No member of the Target Group has incurred any Financial Indebtedness other than the EXL secured loan.
19. **(Security Interests)** There are no Security Interests over any asset or securities of a member of the Target Group other than any Security Interest in relation to the EXL secured loan.
20. **(Compliance)** Each member of the Target Group has complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign Government Agencies having jurisdiction over them and have all material licenses,

authorisations and permits necessary for them to conduct the business of the Target Group as presently being conducted.

21. **(Financial Statements)** The Target's financial statements as disclosed to ASX have been prepared in accordance with the Accounting Standards on a basis consistent with past practice financial statements and there has not been any event, change, effect or development which would require the Target to restate its financial statements as disclosed to ASX.
22. **(Assets)** The Target Group owns, or has the right to use, all of the assets that are material for the conduct of the business of the Target Group and will continue to do so upon and immediately following the Implementation Date.
23. **(Contracts)** No agreement which is material to the business of the Target Group is to be terminated as a result of the Transaction including without limitation there are no contracts that are terminable as a result of a change of control.
24. **(No knowledge of Target Material Adverse Change)** As at the date of this deed, Target is not aware of any information relating to the Target Group or its respective businesses or operations that has or could reasonably be expected to give rise to a Target Material Adverse Change that has not been Fairly Disclosed to ASX prior to the date of this deed or Fairly Disclosed in the Target Due Diligence Material.

Schedule 3
Target Prescribed Occurrences and Bidder Prescribed Occurrences

Target Prescribed Occurrences

1. Any member of the Target Group converts all or any of its shares into a larger or smaller number of shares.
2. Any member of the Target Group resolves to reduce its share capital in any way.
3. The Target:
 - (a) enters into a buy-back agreement; or
 - (b) resolves to approve the terms of a buy-back agreement under the Corporations Act.
4. The Target issues shares, Target Security Rights or an option over its shares, or agrees to make such an issue or grant such a right or an option, other than pursuant to the exercise of an option or Target Security Right before the End Date where that option or Target Security Right was on issue immediately before the date of this deed.
5. Any member of the Target Group issues, or agrees to issue shares, performance rights, performance shares, options, convertible notes or any other security or instrument that is convertible into shares, other than to another member of the Target Group.
6. Any member of the Target Group makes any change to its constitution.
7. Any member of the Target Group disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property (whether by way of a single transaction or series of related transactions).
8. Any member of the Target Group agrees to pay, declares, determines, pays or makes, or incurs a liability to pay or make, a dividend or any other form of distribution of profits or capital (whether in cash or in specie) provided that a Target Prescribed Occurrence will not include any matter required to be done or procured by the Target pursuant to this deed or which is otherwise contemplated by this deed.
9. The Target Shares cease to be quoted on ASX.
10. The Target Representations and Warranties in paragraph 6 (**Capital Structure**) and 7 (**Diluted Capital**) of Schedule 2 being inaccurate.
11. Any member of the Target Group creates or agrees to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property other than a lien which arises by operation of law or legislation securing an obligation that is not yet due.
12. Any member of the Target Group resolves to be wound up.
13. A liquidator or provisional liquidator of any member of the Target Group is appointed.
14. A court makes an order for the winding up of any member of the Target Group.
15. An administrator of any member of the Target Group is appointed under section 436A, 436B or 436C of the Corporations Act.
16. Any member of the Target Group executes a deed of company arrangement.

17. A receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of any member of the Target Group.
18. Any member of the Target Group ceases, or threatens to cease to, carry on the business conducted as at the date of this deed, except in circumstances where this could not be reasonably expected to have a material adverse effect on the financial and operational performance or reputation of the Target Group.
19. Any member of the Target Group directly or indirectly authorises, commits or agrees to take or announces any of the actions referred to in paragraphs 1 to 18 above.

Bidder Prescribed Occurrences

1. Any member of the Bidder Group converts all or any of its shares into a larger or smaller number of shares.
2. Any member of the Bidder Group resolves to reduce its share capital in any way.
3. The Bidder:
 - (a) enters into a buy-back agreement; or
 - (b) resolves to approve the terms of a buy-back agreement under the Corporations Act.
4. The Bidder issues shares, Bidder Security Rights or an option over its shares, or agrees to make such an issue or grant such a right or an option, other than pursuant to the exercise of an option or Bidder Security Right before the End Date where that option or Bidder Security Right was on issue immediately before the date of this deed.
5. Any member of the Bidder Group issues, or agrees to issue shares, performance rights, performance shares, options, convertible notes or any other security or instrument that is convertible into shares, other than to another member of the Bidder Group.
6. Any member of the Bidder Group makes any change to its constitution.
7. Any member of the Bidder Group disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property (whether by way of a single transaction or series of related transactions).
8. Any member of the Bidder Group agrees to pay, declares, determines, pays or makes, or incurs a liability to pay or make, a dividend or any other form of distribution of profits or capital (whether in cash or in specie) provided that a Bidder Prescribed Occurrence will not include any matter required to be done or procured by the Bidder pursuant to this deed or which is otherwise contemplated by this deed.
9. The Bidder Shares cease to be quoted on ASX.
10. The Bidder Representations and Warranties in paragraph 6 (**Capital Structure**) and 7 (**Diluted Capital**) of Schedule 1 being inaccurate.
11. Any member of the Bidder Group creates or agrees to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property other than a lien which arises by operation of law or legislation securing an obligation that is not yet due.
12. Any member of the Bidder Group resolves to be wound up.
13. A liquidator or provisional liquidator of any member of the Bidder Group is appointed.
14. A court makes an order for the winding up of any member of the Bidder Group.
15. An administrator of any member of the Bidder Group is appointed under section 436A, 436B or 436C of the Corporations Act.
16. Any member of the Bidder Group executes a deed of company arrangement.
17. A receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of any member of the Bidder Group.
18. Any member of the Bidder Group ceases, or threatens to cease to, carry on the business conducted as at the date of this deed, except in circumstances where this could not be reasonably

expected to have a material adverse effect on the financial and operational performance or reputation of the Bidder Group.

19. Any member of the Bidder Group directly or indirectly authorises, commits or agrees to take or announces any of the actions referred to in paragraphs 1 to 18 above.

**Schedule 4
Timetable**

Event	Indicative Date
Announcement and signing of Scheme Implementation Deed	At least 20 days prior to Start Date
Provide Scheme Booklet to ASIC for review	At least 14 days prior to the Start Date
Obtain ASIC no objection and registration of Scheme Booklet	At least the Business Day before the Start Date
First Court Hearing	Start Date
Dispatch Scheme Booklet to Target Shareholders	14 days after the Start Date
Scheme Meeting	50 days after the Start Date
Second Court Hearing	65 days after the Start Date
Effective Date (lodge office copy of Court order approving Scheme with ASIC)	70 days after the Start Date
Record Date for Scheme	5.00pm on the second Business Day following the Effective Date
Implementation Date	7 Business Days following the Effective Date

Executed and delivered as a Deed.

Executed as a deed in accordance with section 127 of the *Corporations Act 2001* by **Elixinol Wellness Limited:**

.....
Director Signature

.....
Director/Secretary Signature

.....
Print Name

.....
Print Name

Executed as a deed in accordance with section 127 of the *Corporations Act 2001* by **The Sustainable Nutrition Group Ltd:**

.....
Director Signature

.....
Director/Secretary Signature

.....
Print Name

.....
Print Name

Annexure A
Form of Scheme

K&L GATES

Scheme of Arrangement

The Sustainable Nutrition Group Ltd
(**“TSN”**)
ABN 48 071 666 334

and

Each Scheme Shareholder

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Scheme of arrangement

Date

Parties

1. **The Sustainable Nutrition Group Ltd** ABN 48 071 666 334 of C/- Leydin Freyer, Level 4, 96-100 Albert Road, South Melbourne VIC 3205 (**TSN** or **Target**)
2. Each Scheme Shareholder

Background

- A. TSN and EXL have entered into a Scheme Implementation Deed pursuant to which TSN has agreed to propose the Scheme to Scheme Shareholders and has agreed to take certain steps to implement the Scheme.
- B. EXL has executed the Deed Poll pursuant to which EXL covenants in favour of Scheme Shareholders to perform certain obligations to give effect to the Scheme.

Agreed terms

1. Definitions and interpretation

1.1 Definitions

In this Scheme:

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited ABN 98 008 624 691 or the financial market known as the Australian Securities Exchange or ASX operated by it, as appropriate;

ASX Listing Rules means the official listing rules of ASX;

ASX Settlement means ASX Settlement Pty Limited ABN 49 008 504 532;

Business Day means a day that is not a Saturday, Sunday, public holiday or bank holiday in Sydney, New South Wales Australia;

Cancellation Option has the meaning given to that term in the Scheme Implementation Deed;

CHES means the Clearing House Electronic Subregister System of security transfers operated by ASX Settlement;

CHES Holding has the meaning given in the Settlement Rules;

Condition has the meaning given in clause 3.1(a) of this Scheme;

Consideration Shares means the Shares to be issued under the Scheme as Scheme Consideration;

Conversion has the meaning given in the Settlement Rules;

Corporations Act means the *Corporations Act 2001 (Cth)*, as amended by any applicable ASIC Class Order, ASIC legislative instrument or ASIC relief;

Court means the Federal Court of Australia or any other court of competent jurisdiction under the Corporations Act as TSN and EXL may agree in writing;

Deed Poll means the deed poll to be executed by EXL in substantially the form set out in Annexure B to the Scheme Implementation Deed under which EXL covenants in favour of each Scheme Shareholder to perform (amongst other things) the actions attributed to it under this Scheme;

Duty means any stamp, transaction or registration duty or similar charge which is imposed by any Regulatory Authority and includes any associated interest, penalty, charge or other amount which is imposed;

Effective means the coming into effect, under section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the Scheme;

Effective Date means the date on which the Scheme becomes Effective;

Encumbrance means:

- (a) any:
 - (i) legal or equitable interest or power created, arising in or reserved in or over an interest in any property or asset; or
 - (ii) security for payment of money, performance of obligations or protection against default (including a mortgage, bill of sale, charge, lien, pledge, trust, power or retention of title arrangement, right of set-off, assignment of income, garnishee order, monetary claim and flawed deposit arrangement);
- (b) any thing or preferential interest or arrangement of any kind giving a person priority or preference over claims or other persons with respect to any property or asset;
- (c) a PPSA Security Interest; or
- (d) any agreement or arrangement (whether legally binding or not) to grant or create anything referred to in paragraph (a), (b) or (c) of this definition;

End Date means 9 months after the date of the Scheme Implementation Deed, being 28 August 2023, or such other date and time agreed in writing between EXL and TSN;

Excluded Option has the meaning given to that term in the Scheme Implementation Deed;

EXL or Bidder means Elixinol Wellness Limited ABN 34 621 479 794 of C/- Company Matters Pty Limited, Level 12, 680 George Street, Sydney NSW 2000;

Implementation Date means, the fifth Business Day after the Record Date, or such other Business Day as EXL and TSN agree in writing or as may be required by ASX;

Ineligible Foreign Shareholder means a person who is (or is acting on behalf of) a Scheme Shareholder whose Registered Address as at the Record Date is a place outside of Australia and its external territories, unless EXL has determined prior to the Implementation Date that:

- (a) it is lawful and not unduly onerous or unduly impracticable to issue that Scheme Shareholder with the Consideration Shares on implementation of the Scheme; and
- (b) it is lawful for that Scheme Shareholder to participate in the Scheme by the law of the relevant place outside Australia and its external territories;

Ineligible Shareholders means Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders;

Issuer Sponsored Holding has the meaning given in the Settlement Rules;

PPSA means the *Personal Property Securities Act 2009* (Cth);

PPSA Security Interest means a security interest as defined in the PPSA;

Proceeds means the gross proceeds of the sale of the Sale Shares under clause 5.3(a)(ii) after deducting applicable brokerage, Duty and other selling costs, taxes and charges;

Record Date means 7.00 pm on the date which is 2 Business Days after the Effective Date, or such other Business Day agreed in writing by EXL and TSN, or as may be required by ASX;

Registered Address means the address of a Scheme Shareholder (other than an Ineligible Foreign Shareholder) shown in the Target Register, and in relation to Ineligible Foreign Shareholders means the holding address nominated by the Sale Nominee to TSN prior to the Implementation Date;

Regulatory Authority means:

- (a) any government or governmental, semi-governmental, administrative, monetary, fiscal or judicial body, tribunal, agency or entity;
- (b) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; or
- (c) any regulatory organisation established under statute,

in any part of the world, and whether foreign, federal, state, territorial or local;

Sale Nominee means the agent (or any nominee of such agent) appointed by TSN and EXL (each acting reasonably and in good faith) to sell the Sale Shares under clause 5.3;

Sale Shares means the Consideration Shares to which Ineligible Shareholders would have been entitled under this Scheme but for the operation of clause 5.3;

Scheme means this scheme of arrangement pursuant to Part 5.1 of the Corporations Act between TSN and Scheme Shareholders in respect of the Scheme Shares, subject to:

- (a) any amendments agreed in writing by EXL and TSN, and approved by the Court; and
- (b) any amendments made or required by the Court under section 411(6) of the Corporations Act and approved by EXL and TSN in writing (such approval not to be unreasonably withheld or delayed);

Scheme Consideration means the Consideration Shares being 1.1225 ordinary shares in the capital of EXL credited as fully paid to be issued as consideration under the Scheme in exchange for one Scheme Share/s held as at the Record Date;

Scheme Implementation Deed means the Scheme Implementation Deed dated 28 November 2022 between EXL and TSN (as amended and restated from time to time);

Scheme Meeting means the meeting of Target Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme, including any adjournment or postponement of that meeting;

Scheme Share means a Target Share on issue as at the Record Date;

Scheme Shareholder means a person who is registered in the Target Register as the holder of one or more Scheme Shares as at the Record Date;

Scheme Transfer means, for each Scheme Shareholder, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Shareholder for the purposes of section 1071B of the Corporations Act, which may be in the form of a master transfer of all Scheme Shares;

Second Court Date means the first day on which the application to approve the Scheme under section 411(4)(b) of the Corporations Act is heard by the Court or scheduled to be heard or, if the application is adjourned for any reason, the date on which the adjourned application is heard or scheduled to be heard;

Settlement Rules means the ASX Settlement Operating Rules;

Share or EXL Share means one issued fully paid ordinary share in the share capital of EXL;

Target Option means an option granted by TSN to acquire by way of issue one or more TSN Shares;

Target Performance Rights has the meaning given to that term in the Scheme Implementation Deed;

Target Register means the register of securityholders of TSN maintained by or on behalf of TSN in accordance with section 168(1) of the Corporations Act;

Target Share or TSN Share means an issued fully paid ordinary share in the capital of TSN;

Target Shareholder means each person who is registered in the Target Register as a holder of TSN Shares;

Trust Account means an Australian dollar denominated trust account operated by TSN as trustee for the benefit of Ineligible Shareholders;

TSN Constitution means the constitution of TSN, as amended from time to time;

TSN Registry means Link Market Services Limited or any replacement provider of share registry services to TSN;

Unclaimed Money Act means the *Unclaimed Money Act 1995* (NSW); and

Unmarketable Parcel Shareholder means a Scheme Shareholder (other than an Ineligible Foreign Shareholder) who, on the Record Date, holds less than a marketable parcel (as that term is defined in the ASX Listing Rules) of Target Shares (assessed using the price of Target Shares on ASX at close of trade on the Effective Date).

1.2 Interpretation

In this Scheme unless the context requires otherwise:

- (a) the singular includes the plural and vice versa;
- (b) a gender includes the other genders;
- (c) headings are used for convenience only and do not affect the interpretation of this Scheme;
- (d) other grammatical forms of a defined word or expression have a corresponding meaning;
- (e) a reference to a document is to that document as amended, novated, supplemented, extended or restated from time to time;
- (f) a reference to a party is to a party to this Scheme and includes that party's executors, administrators, successors, permitted assigns and permitted substitutes;
- (g) if something is to be or may be done on a day that is not a Business Day then it must be done on the next Business Day;
- (h) "person" includes a natural person, partnership, body corporate, association, joint venture, governmental or local authority, and any other body or entity whether incorporated or not;
- (i) "month" means calendar month and "year" means 12 consecutive months;
- (j) a reference to all or any part of a statute, rule, regulation or ordinance (**statute**) is to that statute as amended, consolidated, re-enacted or replaced from time to time;
- (k) "include", "for example" and any similar expressions are not used, and must not be interpreted, as words of limitation;
- (l) money amounts are stated in Australian currency unless otherwise specified;
- (m) a reference to time is to Sydney, Australia time;

- (n) a reference to any agency or body that ceases to exist, is reconstituted, renamed or replaced, or has its powers or functions removed (**defunct body**) is to the agency or body that performs most closely the powers or functions of the defunct body;
- (o) any provision in this Scheme which is in favour of more than one person benefits all of them jointly and each of them severally; and
- (p) any provision in this Scheme which binds more than one person binds all of them jointly and each of them severally.

2. Preliminary

2.1 TSN

- (a) TSN is a public company limited by shares, incorporated and registered in Queensland, Australia.
- (b) TSN is admitted to the official list of the ASX and Target Shares are officially quoted on the financial market operated by ASX.
- (c) As at the date of the Scheme Implementation Deed, TSN had the following securities on issue:

Number	Type
140,902,900*	Target Shares
15,480,438	Target Options comprising of: <ul style="list-style-type: none"> • 11,750,008 Target Options expiring on 31 July 2023 with an exercise price of \$0.26; • 334,000 Excluded Options expiring on 22 October 2023 with an exercise price of \$0.26; and • 3,396,430 Cancellation Options expiring on various dates with exercise prices ranging from \$0.26 to \$0.65
420,000	Target Performance Rights

**Whilst it is proposed that the Target Performance Rights are to be cancelled before the Scheme becomes Effective, the Target intends to issue 140,000 Target Shares before the Effective Date in lieu of the Target Performance Rights and those Target Shares will form part of the Scheme.*

2.2 Consequences of this Scheme becoming Effective

If the Scheme becomes Effective then:

- (a) on the Implementation Date, EXL will, in consideration of the transfer of each Scheme Share to EXL, provide or procure the issue of the Scheme Consideration to Scheme Shareholders in accordance with the terms of this Scheme;
- (b) on the Implementation Date, all the Scheme Shares held by Scheme Shareholders, and all the rights and entitlements attaching to them as at that date, will be transferred to EXL after EXL has provided or procured the issue of the Scheme Consideration to the Scheme Shareholders in accordance with the terms and conditions of this Scheme;
- (c) on the Implementation Date, TSN will enter EXL's name in the Target Register in respect of all of the Scheme Shares after EXL has provided or procured the provision of the Scheme Consideration to the Scheme Shareholders in accordance with the terms of this Scheme;
- (d) on the Implementation Date, EXL will apply for Consideration Shares to be quoted on ASX;
- (e) it will bind TSN and all Scheme Shareholders, including those who do not attend the Scheme Meeting, those who do not vote at that meeting and those who vote against this Scheme at that meeting; and
- (f) it will override the TSN Constitution, to the extent of any inconsistency.

2.3 Scheme Implementation Deed and Deed Poll

- (a) EXL and TSN have agreed, by executing the Scheme Implementation Deed, to each take certain steps to implement the terms of this Scheme.
- (b) This Scheme attributes actions to EXL but does not itself impose an obligation on EXL to perform those actions. EXL has agreed by executing the Deed Poll for the benefit of the Scheme Shareholders to perform (or procure the performance of) its obligations as contemplated by this Scheme, including to provide (or procure the provision of) the Scheme Consideration to Scheme Shareholders in accordance with the terms of this Scheme.

3. Conditions, Effective Date and Sunset Date

3.1 Conditions to the Scheme

- (a) The Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions (each a **Condition**):
 - (i) all conditions precedent in clause 3.1 of the Scheme Implementation Deed having been satisfied or waived in accordance with the terms of the Scheme Implementation Deed by 8.00am on the Second Court Date (other than the conditions precedent in clause 3.1(d) (**Court approval**));
 - (ii) neither the Scheme Implementation Deed nor the Deed Poll having been terminated in accordance with their terms or otherwise on or before 8.00am on the Second Court Date;
 - (iii) approval of this Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the

Court under section 411(6) of the Corporations Act as are agreed to in writing by EXL and TSN (such agreement not to be unreasonably withheld or delayed);

- (iv) such other conditions in respect of this Scheme as may be imposed by the Court under section 411(6) of the Corporations Act, and as are agreed to in writing by EXL and TSN (such agreement not to be unreasonably withheld or delayed), having been satisfied;
 - (v) the orders of the Court made under section 411(4)(b) (and if applicable section 411(6)) of the Corporations Act approving the Scheme coming into effect, under section 411(10) of the Corporations Act, on or before the End Date; and
- (b) The satisfaction of the conditions referred to in clause 3.1(a) of this document is a condition precedent to the operation of clauses 5 and 4.2(a) and the binding effect of this Scheme.

3.2 Certificates

- (a) EXL and TSN must each give to the Court on the Second Court Date a certificate confirming (in respect of matters within their knowledge) whether or not the Conditions in clauses 3.1(a)(i) and 3.1(a)(ii) have been satisfied.
- (b) Unless the Court requires otherwise, the certificates referred to in clause 3.2(a) constitute conclusive evidence that such Conditions were satisfied or waived, as applicable, in accordance with the terms of the Scheme Implementation Deed.

3.3 Effective Date

Subject to clauses 3.1 and 3.4, the Scheme will take effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

3.4 End Date

The Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date; or
- (b) either or both of the Scheme Implementation Deed or Deed Poll is terminated in accordance with its terms,

unless TSN and EXL agree in writing otherwise, with the approval of the Court, if required.

4. Implementation of the Scheme

4.1 Lodgement

If all of the Conditions set out in clauses 3.1(a)(i) to (v) (inclusive) are satisfied or (if relevant) waived, (other than the Condition in clause 3.1(a)(v)), TSN must lodge with ASIC an office copy of the orders approving the Scheme in accordance with section 411(10) of the Corporations Act, as soon as reasonably practicable after the Court approves this Scheme and in any event before 5.00pm on the Business Day after

the Business Day the Court approves the Scheme or such other Business Day as TSN and EXL agree in writing.

4.2 Transfer of Scheme Shares

On the Implementation Date and subject to the provision of the Scheme Consideration to Scheme Shareholders in accordance with clause 5.2(a):

- (a) all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to EXL, without the need for any further act by any Scheme Shareholder (other than acts performed by TSN as attorney and agent for Scheme Shareholders under clause 7.2 of this Scheme or otherwise) by:
 - (i) TSN delivering to EXL a duly completed and executed Scheme Transfer executed on behalf of the Scheme Shareholders; and
 - (ii) EXL duly executing the Scheme Transfer and delivering it to TSN for registration; and
- (b) promptly after receipt of the executed Scheme Transfer in accordance with clause 4.2(a)(ii), TSN must enter, or procure the entry of, the name of EXL in the Target Register as the holder of all of the Scheme Shares in accordance with this Scheme.

4.3 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to EXL of the Scheme Shares:

- (a) each Scheme Shareholder who is not an Ineligible Shareholder will be entitled to receive the Scheme Consideration in respect of their Scheme Shares in accordance with clause 5.2(a) of this Scheme; and
- (b) the Sale Nominee will be entitled to be issued such Scheme Consideration as is attributable to Ineligible Shareholders.

4.4 Title and rights in TSN Shares

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 5.2(a) of this Scheme, on and from the Implementation Date, EXL will be beneficially entitled to the Scheme Shares transferred to it under the Scheme, pending registration by TSN of EXL in the Target Register as the holder of the Scheme Shares.

4.5 Scheme Shareholders' agreements

Under this Scheme, each Scheme Shareholder agrees to the transfer of all of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, in accordance with the terms of this Scheme.

4.6 Transfer free of Encumbrances

To the extent permitted by law, all Scheme Shares (including any rights and entitlements attaching to those shares) which are transferred to EXL under this Scheme

will, at the date of the transfer of them to EXL, vest in EXL free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from any restrictions on transfer of any kind not referred to in this Scheme.

5. Scheme Consideration

5.1 Scheme Consideration

Subject to clauses 5.3, 5.4 and 5.6, each Scheme Shareholder is entitled to receive the Scheme Consideration in respect of each Scheme Share held by that Scheme Shareholder.

5.2 Consideration under the Scheme

- (a) Before 5.00pm on the Implementation Date, EXL must issue all of the Consideration Shares which it is required to issue to Scheme Shareholders and the Sale Nominee under this Scheme by:
 - (i) procuring that the name of each Scheme Shareholder entitled to receive Consideration Shares under this Scheme is entered in EXL's register of members (as maintained by EXL or its agent) as the holder of the Consideration Shares to which the Scheme Shareholder is entitled (using the same holding name and address and other details as the holding of the relevant Scheme Shares); and
 - (ii) procuring that the name of Sale Nominee is entered in EXL's register of members (as maintained by EXL or its agent) as the holder of the Sale Shares attributable to Ineligible Shareholders (using such holding details as are notified by the Sale Nominee to TSN prior to the Implementation Date).
- (b) Subject to this Scheme becoming Effective, EXL must ensure that each Consideration Share issued as Scheme Consideration will at the time it is issued:
 - (i) rank equally with all Shares then in issue;
 - (ii) be duly and validly issued in accordance with applicable laws and EXL's constitution; and
 - (iii) be issued fully paid and free from any Encumbrances and interests of third parties of any kind, whether legal or otherwise.
- (c) Each Scheme Shareholder that becomes a shareholder of EXL will be taken, automatically through this Scheme, to have agreed to become a member of EXL in accordance with EXL's constitution.
- (d) On or before the date that is 2 Business Days after the Implementation Date, EXL must send, or procure the sending of, a certificate, allotment advice or holding statement (or equivalent document) to each Scheme Shareholder entitled to receive Consideration Shares under this Scheme, reflecting the issue of such Consideration Shares in accordance with clause 5.2(a).

5.3 Ineligible Shareholders

- (a) EXL will be under no obligation under the Scheme to provide and will not provide, any Consideration Shares to Ineligible Shareholders, and instead:
- (i) subject to clauses 5.4 and 5.6, EXL must issue the Consideration Shares which would otherwise be required to be provided to the Ineligible Shareholders under the Scheme to the Sale Nominee;
 - (ii) TSN must procure that, as soon as reasonably practicable after the Implementation Date and, in any event, not more than 15 Business Days after the Implementation Date, the Sale Nominee, sells or procures the sale, in the ordinary course of trading on the ASX, of all the Sale Shares issued to the Sale Nominee in such manner, at such price and on such other terms as the Sale Nominee determines in good faith;
 - (iii) as soon as reasonably practicable after the last sale of Sale Shares in accordance with clause 5.3(a)(ii), TSN must procure that Sale Nominee remits the Proceeds into the Trust Account (for payment by TSN to the Ineligible Shareholders in accordance with clauses 5.3(a)(iv), 5.3(b) to 5.3(f) (inclusive) and 5.4 of this Scheme); and
 - (iv) as soon as reasonably practicable following payment into the Trust Account of the Proceeds, TSN must pay, or procure the payment, from the Trust Account to each Ineligible Shareholder such proportion of the Proceeds to which that Scheme Shareholder is entitled in respect of their Sale Shares, being in the case of each such person the amount "A" calculated in accordance with the following formula and rounded to the nearest whole cent:

$$A = (B \div C) \times D$$
 where
 - A = the proportion of the Proceeds to be paid to each relevant Ineligible Shareholder;
 - B = the number of Sale Shares attributable to that Ineligible Shareholder;
 - C = the total number of Sale Shares; and
 - D = the Proceeds.
- (b) None of TSN, EXL or the Sale Nominee gives any assurance as to the price that will be achieved for the sale of Sale Shares described in clause 5.3(a) above. The sale of Sale Shares by the Sale Nominee will be at the risk of the Ineligible Shareholders.
- (c) TSN, EXL and the Sale Nominee each expressly disclaim any fiduciary duty to any Ineligible Shareholder which may otherwise arise in connection with the matters set out in this clause 5.3.
- (d) The amount referred to in clause 5.3(a)(iv) must be paid by TSN doing any of the following at its election:

- (i) sending it (or procuring that it is sent) to the Ineligible Shareholder's registered address as recorded in the Target Register as at the Record Date (or in the case of joint holders, in accordance with clause 5.5(b)) by cheque in AUD currency drawn out of the Trust Account; or
 - (ii) depositing it via an electronic funds transfer (or procuring that it is deposited via an electronic funds transfer) into an account with any Australian ADI (as defined in the Corporations Act) notified to TSN (or TSN Registry) by an appropriate authority from the Ineligible Shareholder.
- (e) If there is any surplus in the amount held by TSN in the Trust Account, that surplus less any bank fees and other bank charges will be to the account of TSN. Any interest on the amounts deposited in the Trust Account (less bank fees and other charges) will be to TSN's account.
- (f) If any amount is required under any applicable law or by any Regulatory Authority to be:
- (i) withheld from an amount payable under clause 5.3(a)(iv) or 5.3(d) and paid to any entity or authority; or
 - (ii) retained by TSN out of an amount payable under clause 5.3(a)(iv) or 5.3(d),

its payment or retention by or on behalf of TSN will constitute the full discharge of TSN's obligations under this clause with respect to the amount so paid or retained until, in the case of clause 5.3(f)(ii), it is no longer required to be retained.

- (g) Each Ineligible Shareholder appoints TSN as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) (or equivalent) that the Sale Nominee is required to provide to Ineligible Shareholders under the Corporations Act, or any other applicable law.
- (h) TSN agrees to appoint the Sale Nominee as soon as reasonably practicable after obtaining the Court's order under section 411(1) of the Corporations Act to convene the Scheme Meeting, and at least two weeks prior to the Scheme Meeting.

5.4 Orders of a court or Regulatory Authority

Notwithstanding any other provision of this Scheme, in the case of written notice having been given to TSN (or TSN Registry) of an order or direction made by a court of competent jurisdiction or Regulatory Authority, or TSN is aware of any law, that:

- (a) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by TSN or EXL in accordance with this clause 5 (including payment of proceeds otherwise payable to an Ineligible Shareholder), then TSN or EXL (as applicable) will be entitled to and must procure that the provision of that consideration is made in accordance with that order, direction or law; or

- (b) prevents TSN or EXL from providing consideration to any particular Scheme Shareholder in accordance with this clause 5 (including payment of proceeds otherwise payable to an Ineligible Shareholder), or the payment or issuance of such consideration is otherwise prohibited by applicable law, then TSN or EXL (as applicable) will be entitled to not pay or issue (or in the case of TSN, direct EXL not to issue) the Scheme Consideration to the relevant Scheme Shareholder until such time as the provision of the Scheme Consideration in accordance with clause 5.2(a) is permitted by that (or another) order or direction or otherwise by the applicable law, or issue (or in the case of TSN, direct EXL to issue) to a permitted trustee or nominee, the Scheme Consideration to which the relevant Scheme Shareholder would otherwise be entitled under this Scheme,

and such actions will constitute full discharge of each of TSN and EXL's obligations in respect of the relevant Scheme Consideration.

5.5 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any Consideration Shares issued as Scheme Consideration, must be issued to and registered in the names of the joint holders;
- (b) any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to the holder whose name appears first in the Target Register as at the Record Date; and
- (c) any other document required to be sent under this Scheme, will be forwarded to the holder whose name appears first in the Target Register as at the Record Date.

5.6 Fractional entitlements and splitting

- (a) Subject to clause 5.6(b), where the calculation of the number of Consideration Shares to be issued to a particular Scheme Shareholder as Scheme Consideration would result in an entitlement to the issue of a fraction of an EXL Share which is 0.5 or greater, the fractional entitlement will, after aggregating all holdings of the Scheme Shareholder, be rounded up to the nearest whole number of Consideration Shares, otherwise the rounding will be down to the nearest whole number.
- (b) If EXL or TSN reasonably believe that two or more Scheme Shareholders, each of whom holds a number of Scheme Shares which results in rounding in accordance with clause 5.6(a), have, on or before the Record Date, been party to shareholding splitting or division in an attempt to obtain an advantage by reference to the rounding provided for under clause 5.6(a), TSN must, if requested by EXL, send a notice to those Scheme Shareholders:
 - (i) setting out their names and Registered Addresses;
 - (ii) stating that opinion; and
 - (iii) attributing to one of them specifically identified in the notice (**Deemed Holder**) all of the Scheme Shares held by all of them,

and after such notice has been given, the Scheme Shareholder specifically identified in the notice as the Deemed Holder of the specified Scheme Shares will, for the purposes of this Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and Registered Addresses are set out in the notice will, for the purposes of this Scheme, be taken to hold no Scheme Shares. EXL, in complying with the provisions of this Scheme relating to it in respect of the Scheme Shareholder specifically identified in the notice as the Deemed Holder of the specified Scheme Shares, will be taken to have satisfied and discharged its obligations under the terms of the Scheme to all the Scheme Shareholders named in the notice. For the avoidance of doubt, EXL must still issue the Scheme Consideration to the Deemed Holder, subject to the terms of this Scheme.

5.7 Trading

Subject to this Scheme becoming Effective, EXL will apply for the Consideration Shares comprising the Scheme Consideration to be approved for conditional listing on the ASX and use its reasonable endeavours to ensure that on and from the Business Day after the Implementation Date, the Consideration Shares comprising the Scheme Consideration will be approved for listing on ASX.

5.8 Definition of 'sending'

For the purposes of clause 5, the expression sending means, in relation to each Scheme Shareholder:

- (a) sending by ordinary pre-paid post or courier to the Registered Address of that Scheme Shareholder as at the Scheme Record Date; or
- (b) delivery to the Registered Address of that Scheme Shareholder as at the Record Date by any other means at no cost to the recipient.

5.9 Unclaimed monies

- (a) TSN may cancel a cheque issued under clause 5.3(d)(i) if the cheque:
 - (i) is returned to TSN; or
 - (ii) has not been presented for payment within 6 months after the date on which the cheque is sent.
- (b) During the period of 12 months commencing on the Implementation Date, on request in writing from an Ineligible Shareholder to EXL (or the TSN Registry), which request must not be made until the date which is 20 Business Days after the Implementation Date, TSN must reissue a cheque that was previously cancelled under clause 5.9(a)(ii).
- (c) The Unclaimed Money Act will apply in relation to any Scheme Consideration which becomes “unclaimed money” as defined in that Act.

6. Dealings in Scheme Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in TSN Shares or other alterations to the Target Register will only be recognised by TSN if:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Target Register as the holder of the relevant TSN Shares on or before 7.00pm on the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form, or valid requests in respect of other alterations, in relation to those dealings or alterations are received on or before 5.00pm on the Record Date at the place where the Target Register is kept,

and TSN must not accept for registration, nor recognise for any purpose (except any transfer to or by EXL or its successors in title, following implementation of the steps set out in clause 4 of this Scheme), any transmission application, transfer or other alteration request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Target Register

TSN must register any registrable transmission applications or transfers, or other valid request in respect of other alterations, of the Scheme Shares received in accordance with clause 6.1(b) of this Scheme on or before the Record Date.

6.3 No disposals after Record Date

If this Scheme becomes Effective:

- (a) from the Record Date until implementation of the steps set out in clause 4.2 of this Scheme, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them in any way except as set out in this Scheme and any such disposal will be void and of no legal effect; and
- (b) TSN will not accept for registration or recognise for any purpose any transmission, application or transfer, or other valid request in respect of other alterations, in respect of TSN Shares received after 5.00pm on the Record Date (or 7.00pm on the Record Date in the case of dealings of the type effected by CHES) (except for any transfer by EXL or its successors in title, following implementation of the steps set out in clause 4.2 of this Scheme).

6.4 Maintenance of TSN Register

For the purpose of determining entitlements to the Scheme Consideration, TSN must maintain the Target Register in accordance with the provisions of this clause 6 until the Scheme Consideration has been provided to the Scheme Shareholders and the other steps set out in clause 4.2 of this Scheme have been completed. The Target Register in this form and the terms of this Scheme will solely determine entitlements to the Scheme Consideration.

6.5 Effect of certificates and holding statements

- (a) Any statements of holding in respect of Scheme Shares (other than statements of holding in favour of EXL or its successors in title) will cease to have effect after the Record Date as documents of title in respect of those TSN Shares.
- (b) As from the Record Date, each entry current on the Target Register as at the Record Date (other than entries in respect of EXL or its successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

6.6 Details of Scheme Shareholders

As soon as practicable after the Record Date, and in any event on the first Business Day after the Record Date, TSN must ensure that details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Shareholder, as shown in the Target Register on the Record Date are available to EXL in such form as EXL reasonably requires.

6.7 Quotation of TSN Shares

- (a) TSN must apply to ASX to suspend trading on ASX in TSN Shares, and use best endeavours to ensure ASX does so, with effect from the close of trading on ASX on the Effective Date.
- (b) On the next trading day after the Implementation Date (or such other date to be determined by EXL and notified to TSN in writing), and only after the transfer of all Scheme Shares has been registered in accordance with clause 4.2, TSN must apply:
 - (i) for termination of the official quotation of TSN Shares on ASX; and
 - (ii) to have itself removed from the official list of the ASX.

7. General Scheme provisions

7.1 Title to and rights in the Scheme Shares

On and from the Implementation Date, EXL will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by TSN of EXL in the Target Register as the holder of the Scheme Shares.

7.2 Appointment of agent and attorney

On the Effective Date, each Scheme Shareholder, without the need for any further act:

- (a) irrevocably appoints TSN as its agent and attorney for the purpose of executing any document or form or doing any other act necessary or incidental to give effect to the terms of this Scheme and the transactions contemplated by it, including the Scheme Transfer and the giving of the Scheme Shareholder's consent under clause 7.9; and
- (b) irrevocably appoints TSN as its agent and attorney for the purpose of enforcing the Deed Poll against EXL,

and TSN accepts such appointment. TSN, as agent and attorney of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 7.2 to all or any of its directors and officers (jointly, severally or jointly and severally).

7.3 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to the Scheme Shareholders in the manner contemplated by clause 5.2(a), and until TSN registers EXL as the holder of all Scheme Shares in the Target Register, each Scheme Shareholder:

- (a) is deemed to have irrevocably appointed EXL as attorney and agent (and directed EXL in each such capacity) to appoint any director, officer, secretary or agent nominated by EXL as its sole proxy and, where applicable or appropriate, corporate representative, to attend Target Shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any Target Shareholders' resolution or document in any capacity;
- (b) must not attend or vote at any Target Shareholders' meetings or sign any Target Shareholders' resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 7.3(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as EXL reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 7.3(a), EXL and any director, officer, secretary or agent nominated by EXL under clause 7.3(a) may act in the best interests of EXL as the intended registered holder of the Scheme Shares.

7.4 Alterations to Scheme or condition

TSN may, by its counsel or solicitors, and with the prior written consent of EXL (which must not be unreasonably withheld), consent on behalf of all persons concerned, including each Scheme Shareholder, to any alteration or condition to the Scheme which the Court thinks fit to impose. Each Scheme Shareholder agrees to any such alteration or condition consented to by TSN in accordance with this clause 7.4.

7.5 Further action by TSN

- (a) TSN must execute all documents and do all things (on its own behalf and on behalf of each Scheme Shareholder) necessary or expedient to implement, and perform its obligations under and give effect to, this Scheme and the transactions contemplated by it.
- (b) Each Scheme Shareholder consents to TSN executing all documents and doing all things necessary or expedient to implement and give effect to this Scheme and the transactions contemplated by it.

7.6 No liability when acting in good faith

Each Scheme Shareholder agrees that neither TSN, EXL nor any of their respective officers, employees and advisers (as applicable), will be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

7.7 Enforcement of Deed Poll

TSN undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against EXL on behalf of and as agent and attorney for the Scheme Shareholders.

7.8 Binding effect of Scheme

This Scheme binds TSN and all Scheme Shareholders (including those who did not attend the Scheme Meeting, those who did not vote at that meeting, or voted against this Scheme at that meeting) and, to the extent of any inconsistency, overrides the TSN Constitution.

7.9 Scheme Shareholders' consent

Each Scheme Shareholder irrevocably, and without the need for any further act by that Scheme Shareholder:

- (a) agrees to the transfer of their Scheme Shares together with all rights and entitlements attaching to those Scheme Shares in accordance with this Scheme;
- (b) consents to TSN and EXL doing all things and executing all deeds, instruments and other documents as may be necessary, incidental or expedient to the implementation and performance of the Scheme;
- (c) agrees to the variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from the Scheme;
- (d) who holds their Target Shares in a CHESS Holding, agrees to the Conversion of those Target Shares to an Issuer Sponsored Holding and irrevocably authorises TSN to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such Conversion;
- (e) agrees to, on the direction of EXL, destroy any holding statements or share certificates relating to their Scheme Shares;
- (f) agrees to become a shareholder of EXL, to have their name registered in the register of members of EXL as a holder of EXL Shares (in respect of the Consideration Shares which they are to be issued pursuant to this Scheme) and to be bound by EXL's constitution; and
- (g) acknowledges and agrees that the Scheme binds TSN and all of the Scheme Shareholders (including those who do not attend the Scheme Meeting, do not vote at that meeting or vote against the Scheme at that meeting) and, to the extent of any inconsistency, overrides the TSN Constitution.

7.10 Warranty by Scheme Shareholders

- (a) Each Scheme Shareholder is deemed to have warranted to EXL on the Implementation Date that:
 - (i) all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the date of their transfer to EXL

pursuant to this Scheme, be fully paid and free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;

- (ii) they have full power and capacity to sell and to transfer their Scheme Shares together with any rights and entitlements attaching to such Scheme Shares pursuant to the terms of this Scheme; and
 - (iii) it has no existing right to be issued any Target Shares, Target Options, Target Performance Rights, TSN convertible notes or any other TSN securities, other than, in the case of any Scheme Shareholder who is also the holder of Target Options, the right to be issued TSN Shares on the exercise of those Target Options in accordance with their terms.
- (b) To the extent permitted by law, Scheme Shares transferred under the Scheme will be transferred free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.
- (c) TSN undertakes that it will provide the warranties in clause 7.10(b) to EXL as agent and attorney of each Scheme Shareholder.

7.11 Instructions and elections

If not prohibited by law (and including where permitted or facilitated by relief granted by a Regulatory Authority), all instructions, notifications or elections by a Scheme Shareholder to TSN which are binding or deemed binding between the Scheme Shareholder and TSN relating to TSN or Target Shares (including any email addresses, instructions relating to communications from TSN, whether dividends are to be paid by cheque or into a specific bank account, notices of meetings or other communications from TSN) will be deemed from the Implementation Date (except to the extent determined otherwise by EXL in its sole discretion), by reason of this Scheme, to be made by the Scheme Shareholder to EXL and to be a binding instruction, notification or election to, and accepted by, EXL in respect of the Consideration Shares issued to that Scheme Shareholder until that instruction, notification or election is revoked or amended in writing addressed to EXL at its registry.

8. General

8.1 Notices

- (a) Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to TSN (or the TSN Registry), it will be deemed to be received on the date (if any) on which it is actually received at TSN's registered office (or at the office of the TSN Registry), and will not be deemed to be received on any other date.
- (b) An accidental omission to give notice of the Scheme Meeting to any Target Shareholder, or the non-receipt of such a notice by any Target Shareholder may not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

8.2 Nature of obligations

Each obligation imposed on a party by this Scheme in favour of another is a separate obligation. Unless specified otherwise, the performance of one obligation is not dependent or conditional on the performance of any other obligation.

8.3 No variation

This Scheme cannot be amended or varied except in writing signed by EXL and TSN and, if after orders have been made by the Court in accordance with section 411(1) of the Corporations Act, then only with the consent of the Court.

8.4 Duty

Any Duty (including related interest or penalties) payable in connection with the transfer of the Scheme Shares must be paid by EXL, and EXL is entitled to apply for and retain any refund of such Duty.

8.5 Further assurances

- (a) A party, at its own expense and within a reasonable time of being requested by another party to do so, must do all things and execute all documents that are reasonably necessary to give full effect to this Scheme.
- (b) Each Scheme Shareholder consents to TSN and EXL doing all things necessary or incidental to give full effect to this Scheme and the transactions contemplated by it.

8.6 Governing law and jurisdiction

- (a) This Scheme is governed by and must be construed in accordance with the laws in force in New South Wales.
- (b) The parties submit to the exclusive jurisdiction of the courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of all matters arising out of or relating to this Scheme, its performance or subject matter.

Annexure B
Form of Deed Poll

K&L GATES

Deed Poll

By Elixinol Wellness Limited

ABN 34 621 479 794

in favour of each Scheme Shareholder

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Deed Poll

Date

Parties

This Deed Poll is made by:

Elixinol Wellness Limited ABN 34 621 479 794 of C/- Company Matters Pty Limited, Level 12, 680 George Street, Sydney NSW 2000 (**EXL** or the **Bidder**)

in favour of:

Each registered holder of fully paid ordinary shares in The Sustainable Nutrition Group Ltd ABN 48 071 666 334 as at 5.00pm on the Record Date (each a **Scheme Shareholder**).

Background

- A. On 28 November 2022, EXL and The Sustainable Nutrition Group Ltd ABN 48 071 666 334 (**TSN** or the **Target**) entered into a scheme implementation agreement with respect to the Scheme (as defined below) and associated matters (**Scheme Implementation Deed**).
- B. In the Scheme Implementation Deed, the Bidder agreed (amongst other things) to acquire all the Scheme Shares held by Scheme Shareholders and provide the Scheme Consideration to the Scheme Shareholders, subject to the satisfaction of certain conditions.
- C. The Bidder is entering into this Deed Poll to covenant in favour of the Scheme Shareholders that it will perform all actions attributed to it under the Scheme.

Agreed terms

1. Defined terms and interpretation

1.1 Defined terms

In this Deed Poll, unless otherwise defined, capitalised words and phrases have the same meaning as given to them in the proposed scheme of arrangement pursuant to Part 5.1 of the Corporations Act between the Target and Scheme Shareholders in respect of all Scheme Shares substantially in the form set out in Annexure A to the Scheme Implementation Deed, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by the Bidder and Target (**Scheme**).

1.2 Interpretation

The provisions of clause 1.2 of the Scheme form part of this Deed Poll as if set out in full in this Deed Poll, except that references to 'Scheme' are to be read as references to 'Deed Poll'.

1.3 Nature of deed poll

The Bidder acknowledges that:

- (a) this Deed Poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms, even though the Scheme Shareholder is not party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints the Target and each of its directors and officers (jointly, severally or jointly and severally) as its agent and attorney to enforce this Deed Poll against the Bidder on behalf of that Scheme Shareholder.

2. Condition precedent and termination

2.1 Condition precedent to obligations of the Scheme

The obligations of the Bidder under this Deed Poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of the Bidder under this Deed Poll will automatically terminate, and the terms of this Deed Poll will be of no force or effect, if:

- (a) the Scheme Implementation Deed is terminated before the Effective Date in accordance with its terms; or
- (b) the Scheme is not Effective on or before the End Date,

unless the Bidder and the Target agree in writing otherwise, with the approval of the Court, if required.

2.3 Consequences of termination

If this Deed Poll is terminated under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to them:

- (a) the Bidder is released from its obligations to further perform this Deed Poll, except those obligations under clause 7.5; and
- (b) each Scheme Shareholder retains the rights it has against the Bidder in respect of any breach of this Deed Poll which occurs before it is terminated.

3. Scheme obligations

3.1 Undertaking Scheme obligations

Subject to clause 2, the Bidder covenants in favour of each Scheme Shareholder to perform all actions attributed to it under, and otherwise comply with, the Scheme as if it were a party to the Scheme, subject to and in accordance with the terms and conditions of the Scheme.

3.2 Provision of Scheme Consideration

- (a) Subject to clause 2, the Bidder undertakes in favour of each Scheme Shareholder to, on the Implementation Date, issue (or procure the issue of) the Consideration Shares to the Scheme Shareholders (including the Sale Nominee) that are entitled

to receive the Scheme Consideration subject to and in accordance with the terms of the Scheme.

- (b) The obligations of the Bidder under clause 3.2(a) will be satisfied if, on or before 5.00pm on the Implementation Date, it issues all of the Consideration Shares which it is obliged to issue to Scheme Shareholders and to the Sale Nominee under the Scheme.

4. Representations and warranties

The Bidder represents and warrants in favour of each Scheme Shareholder that:

- (a) it is a corporation validly existing under the laws of its place of registration;
- (b) it has the corporate power to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (c) it has taken all necessary corporate action to authorise its entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (d) the entry into and performance of this Deed Poll by it does not and will not result in a contravention of its constitution, or any law, judgment, ruling, order, decree or authorisation binding on it;
- (e) it is not subject to an Insolvency Event (as defined in the Scheme Implementation Deed); and
- (f) this Deed Poll is valid and binding on it and enforceable against it in accordance with its terms.

5. Continuing obligations

This Deed Poll is irrevocable and, subject to clause 2, remains in full force and effect until the earlier of:

- (a) the Bidder having fully performed its obligations under this Deed Poll; and
- (b) termination of this Deed Poll under clause 2.

6. Notices

Any notice, demand or other communication to the Bidder in respect of this Deed Poll:

- (a) must be given in accordance with this clause 6;
- (b) must be given to the intended recipient by personal service or prepaid post (if posted to an address in another country, by registered airmail) or by email;
- (c) must be in writing, legible and in English addressed (depending on the manner in which it is given) as shown below:

Address: Level 12, 680 George Street, Sydney NSW 2000
 Attention: Global Chief Executive Officer

Email: company.secretary@elixinolwellness.com with a copy to (which by itself does not constitute notice) to shane.barber@twobirds.com

or addressed in accordance with any updated details last notified by the Bidder;

- (d) must be signed:
- (i) in the case of a corporation registered in Australia, by any authorised representative or by the appropriate office holders of that corporation under section 127 of the *Corporations Act 2001 (Cth)*; or
 - (ii) in the case of a corporation registered outside of Australia, by a person duly authorised by the sender in accordance with the laws governing the place of registration of that corporation; and
- (e) is deemed to be given by the sender and received by the addressee:
- (i) if delivered in person, when delivered to the addressee;
 - (ii) if posted, at 9.00 am on the third Business Day after the date of posting to the addressee whether delivered or not; and
 - (iii) if by way of email, as specified in clause 6(g).
- (f) if any notice or other communication would be deemed to be delivered or received on a day which is not a Business Day or after 5.00 pm (addressee's time) on a Business Day, it is deemed to have been received at 9.00 am on the next Business Day;
- (g) if any notice or other communication is to be given under this Deed Poll by email:
- (i) it may be given by email or attached (as an electronic scanned version of that notice or communication) to an email;
 - (ii) where it is given by email, the email must be signed by typing the signatory's name following the main substantive text of the email;
 - (iii) where it is attached to an email, the notice or other communication must be signed in accordance with clause 6(d) but the covering email does not itself need to be signed;
 - (iv) the subject line of the email must contain the following words or words to a similar effect:

"Notice to [Full name of addressee party] under the Notices clause 6 of the Deed Poll between Elixinol Wellness Limited and each Scheme Shareholder"
 - (v) the email must be in an appropriate and commonly used format; and
 - (vi) any attached file must be a pdf, jpeg, tiff or other appropriate and commonly used format; and
- (h) for the purposes of clause 6(e)(iii), any notice or other communication given under this Deed Poll by email in accordance with clause 6(g) is deemed to be delivered

and received immediately after the time the email is sent to the relevant email address unless the sender receives an automatic notification (other than an out of office greeting) that the email has not been delivered within 2 hours.

7. General

7.1 Waiver

- (a) A failure to exercise, a delay in exercising or partially exercising any power, right or remedy conferred on a party by or in respect of this Deed Poll does not operate as a waiver by that party of the power, right or remedy.
- (b) A single or partial exercise of any power, right or remedy does not preclude a further exercise of it or the exercise of any other power, right or remedy.
- (c) A waiver of a breach does not operate as a waiver of any other breach.

7.2 Variation

This Deed Poll may not be varied unless:

- (a) if before the Second Court Date, the variation is agreed to by the Target; or
- (b) if on or after the Second Court Date, the variation is agreed to by the Target and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event the Bidder must enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

7.3 Remedies cumulative

The powers, rights and remedies of the Bidder and the Scheme Shareholders under this Deed Poll are cumulative with and not exclusive of any powers, rights or remedies provided by law independently of this Deed Poll.

7.4 No assignment

- (a) The rights created by this Deed Poll are personal to the Bidder and each Scheme Shareholder and may only be assigned, charged, encumbered or otherwise dealt with at law or in equity with the prior written consent of the Bidder.
- (b) Any purported dealing in contravention of clause 7.4(a) is invalid.

7.5 Stamp duty

The Bidder must pay any stamp duties and any related fines and penalties in respect of this Deed Poll, the performance of this Deed Poll and each transaction effected by or made under or pursuant to this Deed Poll.

7.6 Further assurances

The Bidder must, at its own expense, do all things reasonably necessary or expedient to be done by it to give full effect to this Deed Poll.

7.7 Governing law

- (a) This Deed Poll is governed by and must be construed in accordance with the laws in force in New South Wales.
- (b) The Target and each Scheme Shareholder submits to the exclusive jurisdiction of the courts of New South Wales and courts of appeal from them in respect of all matters arising out of or relating to this Deed Poll, its performance or subject matter.

Executed as a deed poll.

Executed by **Elixinol Wellness Limited**)
ACN 621 479 794 in accordance with)
section 127(1) of the *Corporations Act 2001*)
(*Cth*):)

.....
Signature of director

.....
Signature of director or company secretary*
*delete whichever does not apply

.....
Name (please print)

.....
Name (please print)

Annexure D – Deed Poll

K&L GATES

Deed Poll

By Elixinol Wellness Limited

ABN 34 621 479 794

in favour of each Scheme Shareholder

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Deed Poll

Date **20 June 2023**

Parties

This Deed Poll is made by:

Elixinol Wellness Limited ABN 34 621 479 794 of C/- Company Matters Pty Limited, Level 12, 680 George Street, Sydney NSW 2000 (**EXL** or the **Bidder**)

in favour of:

Each registered holder of fully paid ordinary shares in The Sustainable Nutrition Group Ltd ABN 48 071 666 334 as at 5.00pm on the Record Date (each a **Scheme Shareholder**).

Background

- A. On 28 November 2022, EXL and The Sustainable Nutrition Group Ltd ABN 48 071 666 334 (**TSN** or the **Target**) entered into a scheme implementation agreement with respect to the Scheme (as defined below) and associated matters (**Scheme Implementation Deed**).
- B. In the Scheme Implementation Deed, the Bidder agreed (amongst other things) to acquire all the Scheme Shares held by Scheme Shareholders and provide the Scheme Consideration to the Scheme Shareholders, subject to the satisfaction of certain conditions.
- C. The Bidder is entering into this Deed Poll to covenant in favour of the Scheme Shareholders that it will perform all actions attributed to it under the Scheme.

Agreed terms

1. Defined terms and interpretation

1.1 Defined terms

In this Deed Poll, unless otherwise defined, capitalised words and phrases have the same meaning as given to them in the proposed scheme of arrangement pursuant to Part 5.1 of the Corporations Act between the Target and Scheme Shareholders in respect of all Scheme Shares substantially in the form set out in Annexure A to the Scheme Implementation Deed, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by the Bidder and Target (**Scheme**).

1.2 Interpretation

The provisions of clause 1.2 of the Scheme form part of this Deed Poll as if set out in full in this Deed Poll, except that references to 'Scheme' are to be read as references to 'Deed Poll'.

1.3 Nature of deed poll

The Bidder acknowledges that:

- (a) this Deed Poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms, even though the Scheme Shareholder is not party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints the Target and each of its directors and officers (jointly, severally or jointly and severally) as its agent and attorney to enforce this Deed Poll against the Bidder on behalf of that Scheme Shareholder.

2. Condition precedent and termination

2.1 Condition precedent to obligations of the Scheme

The obligations of the Bidder under this Deed Poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of the Bidder under this Deed Poll will automatically terminate, and the terms of this Deed Poll will be of no force or effect, if:

- (a) the Scheme Implementation Deed is terminated before the Effective Date in accordance with its terms; or
- (b) the Scheme is not Effective on or before the End Date,

unless the Bidder and the Target agree in writing otherwise, with the approval of the Court, if required.

2.3 Consequences of termination

If this Deed Poll is terminated under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to them:

- (a) the Bidder is released from its obligations to further perform this Deed Poll, except those obligations under clause 7.5; and
- (b) each Scheme Shareholder retains the rights it has against the Bidder in respect of any breach of this Deed Poll which occurs before it is terminated.

3. Scheme obligations

3.1 Undertaking Scheme obligations

Subject to clause 2, the Bidder covenants in favour of each Scheme Shareholder to perform all actions attributed to it under, and otherwise comply with, the Scheme as if it were a party to the Scheme, subject to and in accordance with the terms and conditions of the Scheme.

3.2 Provision of Scheme Consideration

- (a) Subject to clause 2, the Bidder undertakes in favour of each Scheme Shareholder to, on the Implementation Date, issue (or procure the issue of) the Consideration Shares to the Scheme Shareholders (including the Sale Nominee) that are entitled

to receive the Scheme Consideration subject to and in accordance with the terms of the Scheme.

- (b) The obligations of the Bidder under clause 3.2(a) will be satisfied if, on or before 5.00pm on the Implementation Date, it issues all of the Consideration Shares which it is obliged to issue to Scheme Shareholders and to the Sale Nominee under the Scheme.

4. Representations and warranties

The Bidder represents and warrants in favour of each Scheme Shareholder that:

- (a) it is a corporation validly existing under the laws of its place of registration;
- (b) it has the corporate power to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (c) it has taken all necessary corporate action to authorise its entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (d) the entry into and performance of this Deed Poll by it does not and will not result in a contravention of its constitution, or any law, judgment, ruling, order, decree or authorisation binding on it;
- (e) it is not subject to an Insolvency Event (as defined in the Scheme Implementation Deed); and
- (f) this Deed Poll is valid and binding on it and enforceable against it in accordance with its terms.

5. Continuing obligations

This Deed Poll is irrevocable and, subject to clause 2, remains in full force and effect until the earlier of:

- (a) the Bidder having fully performed its obligations under this Deed Poll; and
- (b) termination of this Deed Poll under clause 2.

6. Notices

Any notice, demand or other communication to the Bidder in respect of this Deed Poll:

- (a) must be given in accordance with this clause 6;
- (b) must be given to the intended recipient by personal service or prepaid post (if posted to an address in another country, by registered airmail) or by email;
- (c) must be in writing, legible and in English addressed (depending on the manner in which it is given) as shown below:

Address: Level 12, 680 George Street, Sydney NSW 2000
 Attention: Global Chief Executive Officer

Email: company.secretary@elixinolwellness.com with a copy to (which by itself does not constitute notice) to shane.barber@twobirds.com

or addressed in accordance with any updated details last notified by the Bidder;

- (d) must be signed:
- (i) in the case of a corporation registered in Australia, by any authorised representative or by the appropriate office holders of that corporation under section 127 of the *Corporations Act 2001 (Cth)*; or
 - (ii) in the case of a corporation registered outside of Australia, by a person duly authorised by the sender in accordance with the laws governing the place of registration of that corporation; and
- (e) is deemed to be given by the sender and received by the addressee:
- (i) if delivered in person, when delivered to the addressee;
 - (ii) if posted, at 9.00 am on the third Business Day after the date of posting to the addressee whether delivered or not; and
 - (iii) if by way of email, as specified in clause 6(g).
- (f) if any notice or other communication would be deemed to be delivered or received on a day which is not a Business Day or after 5.00 pm (addressee's time) on a Business Day, it is deemed to have been received at 9.00 am on the next Business Day;
- (g) if any notice or other communication is to be given under this Deed Poll by email:
- (i) it may be given by email or attached (as an electronic scanned version of that notice or communication) to an email;
 - (ii) where it is given by email, the email must be signed by typing the signatory's name following the main substantive text of the email;
 - (iii) where it is attached to an email, the notice or other communication must be signed in accordance with clause 6(d) but the covering email does not itself need to be signed;
 - (iv) the subject line of the email must contain the following words or words to a similar effect:

"Notice to [Full name of addressee party] under the Notices clause 6 of the Deed Poll between Elixinol Wellness Limited and each Scheme Shareholder"
 - (v) the email must be in an appropriate and commonly used format; and
 - (vi) any attached file must be a pdf, jpeg, tiff or other appropriate and commonly used format; and
- (h) for the purposes of clause 6(e)(iii), any notice or other communication given under this Deed Poll by email in accordance with clause 6(g) is deemed to be delivered

and received immediately after the time the email is sent to the relevant email address unless the sender receives an automatic notification (other than an out of office greeting) that the email has not been delivered within 2 hours.

7. General

7.1 Waiver

- (a) A failure to exercise, a delay in exercising or partially exercising any power, right or remedy conferred on a party by or in respect of this Deed Poll does not operate as a waiver by that party of the power, right or remedy.
- (b) A single or partial exercise of any power, right or remedy does not preclude a further exercise of it or the exercise of any other power, right or remedy.
- (c) A waiver of a breach does not operate as a waiver of any other breach.

7.2 Variation

This Deed Poll may not be varied unless:

- (a) if before the Second Court Date, the variation is agreed to by the Target; or
- (b) if on or after the Second Court Date, the variation is agreed to by the Target and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event the Bidder must enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

7.3 Remedies cumulative

The powers, rights and remedies of the Bidder and the Scheme Shareholders under this Deed Poll are cumulative with and not exclusive of any powers, rights or remedies provided by law independently of this Deed Poll.

7.4 No assignment

- (a) The rights created by this Deed Poll are personal to the Bidder and each Scheme Shareholder and may only be assigned, charged, encumbered or otherwise dealt with at law or in equity with the prior written consent of the Bidder.
- (b) Any purported dealing in contravention of clause 7.4(a) is invalid.

7.5 Stamp duty

The Bidder must pay any stamp duties and any related fines and penalties in respect of this Deed Poll, the performance of this Deed Poll and each transaction effected by or made under or pursuant to this Deed Poll.

7.6 Further assurances

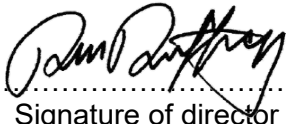
The Bidder must, at its own expense, do all things reasonably necessary or expedient to be done by it to give full effect to this Deed Poll.

7.7 Governing law

- (a) This Deed Poll is governed by and must be construed in accordance with the laws in force in New South Wales.
- (b) The Target and each Scheme Shareholder submits to the exclusive jurisdiction of the courts of New South Wales and courts of appeal from them in respect of all matters arising out of or relating to this Deed Poll, its performance or subject matter.

Executed as a deed poll.

Executed by Elixinol Wellness Limited)
ACN 621 479 794 in accordance with)
section 127(1) of the *Corporations Act 2001*)
(Cth):)



.....
Signature of director



.....
Signature of ~~director~~ or company secretary*
*delete whichever does not apply

.....
Ronald Dufficy

Name (please print)

.....
Josephine Lorenz

Name (please print)

Annexure E – Scheme of Arrangement

K&L GATES

Scheme of Arrangement

The Sustainable Nutrition Group Ltd
(**“TSN”**)
ABN 48 071 666 334

and

Each Scheme Shareholder

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Scheme of arrangement

Date

Parties

1. **The Sustainable Nutrition Group Ltd** ABN 48 071 666 334 of C/- Leydin Freyer, Level 4, 96-100 Albert Road, South Melbourne VIC 3205 (**TSN** or **Target**)
2. Each Scheme Shareholder

Background

- A. TSN and EXL have entered into a Scheme Implementation Deed pursuant to which TSN has agreed to propose the Scheme to Scheme Shareholders and has agreed to take certain steps to implement the Scheme.
- B. EXL has executed the Deed Poll pursuant to which EXL covenants in favour of Scheme Shareholders to perform certain obligations to give effect to the Scheme.

Agreed terms

1. Definitions and interpretation

1.1 Definitions

In this Scheme:

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited ABN 98 008 624 691 or the financial market known as the Australian Securities Exchange or ASX operated by it, as appropriate;

ASX Listing Rules means the official listing rules of ASX;

ASX Settlement means ASX Settlement Pty Limited ABN 49 008 504 532;

Business Day means a day that is not a Saturday, Sunday, public holiday or bank holiday in Sydney, New South Wales Australia;

Cancellation Option has the meaning given to that term in the Scheme Implementation Deed;

CHES means the Clearing House Electronic Subregister System of security transfers operated by ASX Settlement;

CHES Holding has the meaning given in the Settlement Rules;

Condition has the meaning given in clause 3.1(a) of this Scheme;

Consideration Shares means the Shares to be issued under the Scheme as Scheme Consideration;

Conversion has the meaning given in the Settlement Rules;

Corporations Act means the *Corporations Act 2001 (Cth)*, as amended by any applicable ASIC Class Order, ASIC legislative instrument or ASIC relief;

Court means the Federal Court of Australia or any other court of competent jurisdiction under the Corporations Act as TSN and EXL may agree in writing;

Deed Poll means the deed poll to be executed by EXL in substantially the form set out in Annexure B to the Scheme Implementation Deed under which EXL covenants in favour of each Scheme Shareholder to perform (amongst other things) the actions attributed to it under this Scheme;

Duty means any stamp, transaction or registration duty or similar charge which is imposed by any Regulatory Authority and includes any associated interest, penalty, charge or other amount which is imposed;

Effective means the coming into effect, under section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the Scheme;

Effective Date means the date on which the Scheme becomes Effective;

Encumbrance means:

- (a) any:
 - (i) legal or equitable interest or power created, arising in or reserved in or over an interest in any property or asset; or
 - (ii) security for payment of money, performance of obligations or protection against default (including a mortgage, bill of sale, charge, lien, pledge, trust, power or retention of title arrangement, right of set-off, assignment of income, garnishee order, monetary claim and flawed deposit arrangement);
- (b) any thing or preferential interest or arrangement of any kind giving a person priority or preference over claims or other persons with respect to any property or asset;
- (c) a PPSA Security Interest; or
- (d) any agreement or arrangement (whether legally binding or not) to grant or create anything referred to in paragraph (a), (b) or (c) of this definition;

End Date means 9 months after the date of the Scheme Implementation Deed, being 28 August 2023, or such other date and time agreed in writing between EXL and TSN;

Excluded Option has the meaning given to that term in the Scheme Implementation Deed;

EXL or Bidder means Elixinol Wellness Limited ABN 34 621 479 794 of C/- Company Matters Pty Limited, Level 12, 680 George Street, Sydney NSW 2000;

Implementation Date means, the fifth Business Day after the Record Date, or such other Business Day as EXL and TSN agree in writing or as may be required by ASX;

Ineligible Foreign Shareholder means a person who is (or is acting on behalf of) a Scheme Shareholder whose Registered Address as at the Record Date is a place outside of Australia and its external territories, unless EXL has determined prior to the Implementation Date that:

- (a) it is lawful and not unduly onerous or unduly impracticable to issue that Scheme Shareholder with the Consideration Shares on implementation of the Scheme; and
- (b) it is lawful for that Scheme Shareholder to participate in the Scheme by the law of the relevant place outside Australia and its external territories;

Ineligible Shareholders means Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders;

Issuer Sponsored Holding has the meaning given in the Settlement Rules;

PPSA means the *Personal Property Securities Act 2009* (Cth);

PPSA Security Interest means a security interest as defined in the PPSA;

Proceeds means the gross proceeds of the sale of the Sale Shares under clause 5.3(a)(ii) after deducting applicable brokerage, Duty and other selling costs, taxes and charges;

Record Date means 7.00 pm on the date which is 2 Business Days after the Effective Date, or such other Business Day agreed in writing by EXL and TSN, or as may be required by ASX;

Registered Address means the address of a Scheme Shareholder (other than an Ineligible Foreign Shareholder) shown in the Target Register, and in relation to Ineligible Foreign Shareholders means the holding address nominated by the Sale Nominee to TSN prior to the Implementation Date;

Regulatory Authority means:

- (a) any government or governmental, semi-governmental, administrative, monetary, fiscal or judicial body, tribunal, agency or entity;
- (b) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; or
- (c) any regulatory organisation established under statute,

in any part of the world, and whether foreign, federal, state, territorial or local;

Sale Nominee means the agent (or any nominee of such agent) appointed by TSN and EXL (each acting reasonably and in good faith) to sell the Sale Shares under clause 5.3;

Sale Shares means the Consideration Shares to which Ineligible Shareholders would have been entitled under this Scheme but for the operation of clause 5.3;

Scheme means this scheme of arrangement pursuant to Part 5.1 of the Corporations Act between TSN and Scheme Shareholders in respect of the Scheme Shares, subject to:

- (a) any amendments agreed in writing by EXL and TSN, and approved by the Court; and
- (b) any amendments made or required by the Court under section 411(6) of the Corporations Act and approved by EXL and TSN in writing (such approval not to be unreasonably withheld or delayed);

Scheme Consideration means the Consideration Shares being 1.1225 ordinary shares in the capital of EXL credited as fully paid to be issued as consideration under the Scheme in exchange for one Scheme Share/s held as at the Record Date;

Scheme Implementation Deed means the Scheme Implementation Deed dated 28 November 2022 between EXL and TSN (as amended and restated from time to time);

Scheme Meeting means the meeting of Target Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme, including any adjournment or postponement of that meeting;

Scheme Share means a Target Share on issue as at the Record Date;

Scheme Shareholder means a person who is registered in the Target Register as the holder of one or more Scheme Shares as at the Record Date;

Scheme Transfer means, for each Scheme Shareholder, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Shareholder for the purposes of section 1071B of the Corporations Act, which may be in the form of a master transfer of all Scheme Shares;

Second Court Date means the first day on which the application to approve the Scheme under section 411(4)(b) of the Corporations Act is heard by the Court or scheduled to be heard or, if the application is adjourned for any reason, the date on which the adjourned application is heard or scheduled to be heard;

Settlement Rules means the ASX Settlement Operating Rules;

Share or EXL Share means one issued fully paid ordinary share in the share capital of EXL;

Target Option means an option granted by TSN to acquire by way of issue one or more TSN Shares;

Target Performance Rights has the meaning given to that term in the Scheme Implementation Deed;

Target Register means the register of securityholders of TSN maintained by or on behalf of TSN in accordance with section 168(1) of the Corporations Act;

Target Share or TSN Share means an issued fully paid ordinary share in the capital of TSN;

Target Shareholder means each person who is registered in the Target Register as a holder of TSN Shares;

Trust Account means an Australian dollar denominated trust account operated by TSN as trustee for the benefit of Ineligible Shareholders;

TSN Constitution means the constitution of TSN, as amended from time to time;

TSN Registry means Link Market Services Limited or any replacement provider of share registry services to TSN;

Unclaimed Money Act means the *Unclaimed Money Act 1995* (NSW); and

Unmarketable Parcel Shareholder means a Scheme Shareholder (other than an Ineligible Foreign Shareholder) who, on the Record Date, holds less than a marketable parcel (as that term is defined in the ASX Listing Rules) of Target Shares (assessed using the price of Target Shares on ASX at close of trade on the Effective Date).

1.2 Interpretation

In this Scheme unless the context requires otherwise:

- (a) the singular includes the plural and vice versa;
- (b) a gender includes the other genders;
- (c) headings are used for convenience only and do not affect the interpretation of this Scheme;
- (d) other grammatical forms of a defined word or expression have a corresponding meaning;
- (e) a reference to a document is to that document as amended, novated, supplemented, extended or restated from time to time;
- (f) a reference to a party is to a party to this Scheme and includes that party's executors, administrators, successors, permitted assigns and permitted substitutes;
- (g) if something is to be or may be done on a day that is not a Business Day then it must be done on the next Business Day;
- (h) "person" includes a natural person, partnership, body corporate, association, joint venture, governmental or local authority, and any other body or entity whether incorporated or not;
- (i) "month" means calendar month and "year" means 12 consecutive months;
- (j) a reference to all or any part of a statute, rule, regulation or ordinance (**statute**) is to that statute as amended, consolidated, re-enacted or replaced from time to time;
- (k) "include", "for example" and any similar expressions are not used, and must not be interpreted, as words of limitation;
- (l) money amounts are stated in Australian currency unless otherwise specified;
- (m) a reference to time is to Sydney, Australia time;

- (n) a reference to any agency or body that ceases to exist, is reconstituted, renamed or replaced, or has its powers or functions removed (**defunct body**) is to the agency or body that performs most closely the powers or functions of the defunct body;
- (o) any provision in this Scheme which is in favour of more than one person benefits all of them jointly and each of them severally; and
- (p) any provision in this Scheme which binds more than one person binds all of them jointly and each of them severally.

2. Preliminary

2.1 TSN

- (a) TSN is a public company limited by shares, incorporated and registered in Queensland, Australia.
- (b) TSN is admitted to the official list of the ASX and Target Shares are officially quoted on the financial market operated by ASX.
- (c) As at the date of the Scheme Implementation Deed, TSN had the following securities on issue:

Number	Type
140,902,900*	Target Shares
15,480,438	Target Options comprising of: <ul style="list-style-type: none"> • 11,750,008 Target Options expiring on 31 July 2023 with an exercise price of \$0.26; • 334,000 Excluded Options expiring on 22 October 2023 with an exercise price of \$0.26; and • 3,396,430 Cancellation Options expiring on various dates with exercise prices ranging from \$0.26 to \$0.65
420,000	Target Performance Rights

**Whilst it is proposed that the Target Performance Rights are to be cancelled before the Scheme becomes Effective, the Target intends to issue 140,000 Target Shares before the Effective Date in lieu of the Target Performance Rights and those Target Shares will form part of the Scheme.*

2.2 Consequences of this Scheme becoming Effective

If the Scheme becomes Effective then:

- (a) on the Implementation Date, EXL will, in consideration of the transfer of each Scheme Share to EXL, provide or procure the issue of the Scheme Consideration to Scheme Shareholders in accordance with the terms of this Scheme;
- (b) on the Implementation Date, all the Scheme Shares held by Scheme Shareholders, and all the rights and entitlements attaching to them as at that date, will be transferred to EXL after EXL has provided or procured the issue of the Scheme Consideration to the Scheme Shareholders in accordance with the terms and conditions of this Scheme;
- (c) on the Implementation Date, TSN will enter EXL's name in the Target Register in respect of all of the Scheme Shares after EXL has provided or procured the provision of the Scheme Consideration to the Scheme Shareholders in accordance with the terms of this Scheme;
- (d) on the Implementation Date, EXL will apply for Consideration Shares to be quoted on ASX;
- (e) it will bind TSN and all Scheme Shareholders, including those who do not attend the Scheme Meeting, those who do not vote at that meeting and those who vote against this Scheme at that meeting; and
- (f) it will override the TSN Constitution, to the extent of any inconsistency.

2.3 Scheme Implementation Deed and Deed Poll

- (a) EXL and TSN have agreed, by executing the Scheme Implementation Deed, to each take certain steps to implement the terms of this Scheme.
- (b) This Scheme attributes actions to EXL but does not itself impose an obligation on EXL to perform those actions. EXL has agreed by executing the Deed Poll for the benefit of the Scheme Shareholders to perform (or procure the performance of) its obligations as contemplated by this Scheme, including to provide (or procure the provision of) the Scheme Consideration to Scheme Shareholders in accordance with the terms of this Scheme.

3. Conditions, Effective Date and Sunset Date

3.1 Conditions to the Scheme

- (a) The Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions (each a **Condition**):
 - (i) all conditions precedent in clause 3.1 of the Scheme Implementation Deed having been satisfied or waived in accordance with the terms of the Scheme Implementation Deed by 8.00am on the Second Court Date (other than the conditions precedent in clause 3.1(d) (**Court approval**));
 - (ii) neither the Scheme Implementation Deed nor the Deed Poll having been terminated in accordance with their terms or otherwise on or before 8.00am on the Second Court Date;
 - (iii) approval of this Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the

Court under section 411(6) of the Corporations Act as are agreed to in writing by EXL and TSN (such agreement not to be unreasonably withheld or delayed);

- (iv) such other conditions in respect of this Scheme as may be imposed by the Court under section 411(6) of the Corporations Act, and as are agreed to in writing by EXL and TSN (such agreement not to be unreasonably withheld or delayed), having been satisfied;
 - (v) the orders of the Court made under section 411(4)(b) (and if applicable section 411(6)) of the Corporations Act approving the Scheme coming into effect, under section 411(10) of the Corporations Act, on or before the End Date; and
- (b) The satisfaction of the conditions referred to in clause 3.1(a) of this document is a condition precedent to the operation of clauses 5 and 4.2(a) and the binding effect of this Scheme.

3.2 Certificates

- (a) EXL and TSN must each give to the Court on the Second Court Date a certificate confirming (in respect of matters within their knowledge) whether or not the Conditions in clauses 3.1(a)(i) and 3.1(a)(ii) have been satisfied.
- (b) Unless the Court requires otherwise, the certificates referred to in clause 3.2(a) constitute conclusive evidence that such Conditions were satisfied or waived, as applicable, in accordance with the terms of the Scheme Implementation Deed.

3.3 Effective Date

Subject to clauses 3.1 and 3.4, the Scheme will take effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

3.4 End Date

The Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date; or
- (b) either or both of the Scheme Implementation Deed or Deed Poll is terminated in accordance with its terms,

unless TSN and EXL agree in writing otherwise, with the approval of the Court, if required.

4. Implementation of the Scheme

4.1 Lodgement

If all of the Conditions set out in clauses 3.1(a)(i) to (v) (inclusive) are satisfied or (if relevant) waived, (other than the Condition in clause 3.1(a)(v)), TSN must lodge with ASIC an office copy of the orders approving the Scheme in accordance with section 411(10) of the Corporations Act, as soon as reasonably practicable after the Court approves this Scheme and in any event before 5.00pm on the Business Day after

the Business Day the Court approves the Scheme or such other Business Day as TSN and EXL agree in writing.

4.2 Transfer of Scheme Shares

On the Implementation Date and subject to the provision of the Scheme Consideration to Scheme Shareholders in accordance with clause 5.2(a):

- (a) all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to EXL, without the need for any further act by any Scheme Shareholder (other than acts performed by TSN as attorney and agent for Scheme Shareholders under clause 7.2 of this Scheme or otherwise) by:
 - (i) TSN delivering to EXL a duly completed and executed Scheme Transfer executed on behalf of the Scheme Shareholders; and
 - (ii) EXL duly executing the Scheme Transfer and delivering it to TSN for registration; and
- (b) promptly after receipt of the executed Scheme Transfer in accordance with clause 4.2(a)(ii), TSN must enter, or procure the entry of, the name of EXL in the Target Register as the holder of all of the Scheme Shares in accordance with this Scheme.

4.3 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to EXL of the Scheme Shares:

- (a) each Scheme Shareholder who is not an Ineligible Shareholder will be entitled to receive the Scheme Consideration in respect of their Scheme Shares in accordance with clause 5.2(a) of this Scheme; and
- (b) the Sale Nominee will be entitled to be issued such Scheme Consideration as is attributable to Ineligible Shareholders.

4.4 Title and rights in TSN Shares

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 5.2(a) of this Scheme, on and from the Implementation Date, EXL will be beneficially entitled to the Scheme Shares transferred to it under the Scheme, pending registration by TSN of EXL in the Target Register as the holder of the Scheme Shares.

4.5 Scheme Shareholders' agreements

Under this Scheme, each Scheme Shareholder agrees to the transfer of all of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, in accordance with the terms of this Scheme.

4.6 Transfer free of Encumbrances

To the extent permitted by law, all Scheme Shares (including any rights and entitlements attaching to those shares) which are transferred to EXL under this Scheme

will, at the date of the transfer of them to EXL, vest in EXL free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from any restrictions on transfer of any kind not referred to in this Scheme.

5. Scheme Consideration

5.1 Scheme Consideration

Subject to clauses 5.3, 5.4 and 5.6, each Scheme Shareholder is entitled to receive the Scheme Consideration in respect of each Scheme Share held by that Scheme Shareholder.

5.2 Consideration under the Scheme

- (a) Before 5.00pm on the Implementation Date, EXL must issue all of the Consideration Shares which it is required to issue to Scheme Shareholders and the Sale Nominee under this Scheme by:
 - (i) procuring that the name of each Scheme Shareholder entitled to receive Consideration Shares under this Scheme is entered in EXL's register of members (as maintained by EXL or its agent) as the holder of the Consideration Shares to which the Scheme Shareholder is entitled (using the same holding name and address and other details as the holding of the relevant Scheme Shares); and
 - (ii) procuring that the name of Sale Nominee is entered in EXL's register of members (as maintained by EXL or its agent) as the holder of the Sale Shares attributable to Ineligible Shareholders (using such holding details as are notified by the Sale Nominee to TSN prior to the Implementation Date).
- (b) Subject to this Scheme becoming Effective, EXL must ensure that each Consideration Share issued as Scheme Consideration will at the time it is issued:
 - (i) rank equally with all Shares then in issue;
 - (ii) be duly and validly issued in accordance with applicable laws and EXL's constitution; and
 - (iii) be issued fully paid and free from any Encumbrances and interests of third parties of any kind, whether legal or otherwise.
- (c) Each Scheme Shareholder that becomes a shareholder of EXL will be taken, automatically through this Scheme, to have agreed to become a member of EXL in accordance with EXL's constitution.
- (d) On or before the date that is 2 Business Days after the Implementation Date, EXL must send, or procure the sending of, a certificate, allotment advice or holding statement (or equivalent document) to each Scheme Shareholder entitled to receive Consideration Shares under this Scheme, reflecting the issue of such Consideration Shares in accordance with clause 5.2(a).

5.3 Ineligible Shareholders

- (a) EXL will be under no obligation under the Scheme to provide and will not provide, any Consideration Shares to Ineligible Shareholders, and instead:
- (i) subject to clauses 5.4 and 5.6, EXL must issue the Consideration Shares which would otherwise be required to be provided to the Ineligible Shareholders under the Scheme to the Sale Nominee;
 - (ii) TSN must procure that, as soon as reasonably practicable after the Implementation Date and, in any event, not more than 15 Business Days after the Implementation Date, the Sale Nominee, sells or procures the sale, in the ordinary course of trading on the ASX, of all the Sale Shares issued to the Sale Nominee in such manner, at such price and on such other terms as the Sale Nominee determines in good faith;
 - (iii) as soon as reasonably practicable after the last sale of Sale Shares in accordance with clause 5.3(a)(ii), TSN must procure that Sale Nominee remits the Proceeds into the Trust Account (for payment by TSN to the Ineligible Shareholders in accordance with clauses 5.3(a)(iv), 5.3(b) to 5.3(f) (inclusive) and 5.4 of this Scheme); and
 - (iv) as soon as reasonably practicable following payment into the Trust Account of the Proceeds, TSN must pay, or procure the payment, from the Trust Account to each Ineligible Shareholder such proportion of the Proceeds to which that Scheme Shareholder is entitled in respect of their Sale Shares, being in the case of each such person the amount "A" calculated in accordance with the following formula and rounded to the nearest whole cent:

$$A = (B \div C) \times D$$
 where
 - A = the proportion of the Proceeds to be paid to each relevant Ineligible Shareholder;
 - B = the number of Sale Shares attributable to that Ineligible Shareholder;
 - C = the total number of Sale Shares; and
 - D = the Proceeds.
- (b) None of TSN, EXL or the Sale Nominee gives any assurance as to the price that will be achieved for the sale of Sale Shares described in clause 5.3(a) above. The sale of Sale Shares by the Sale Nominee will be at the risk of the Ineligible Shareholders.
- (c) TSN, EXL and the Sale Nominee each expressly disclaim any fiduciary duty to any Ineligible Shareholder which may otherwise arise in connection with the matters set out in this clause 5.3.
- (d) The amount referred to in clause 5.3(a)(iv) must be paid by TSN doing any of the following at its election:

- (i) sending it (or procuring that it is sent) to the Ineligible Shareholder's registered address as recorded in the Target Register as at the Record Date (or in the case of joint holders, in accordance with clause 5.5(b)) by cheque in AUD currency drawn out of the Trust Account; or
 - (ii) depositing it via an electronic funds transfer (or procuring that it is deposited via an electronic funds transfer) into an account with any Australian ADI (as defined in the Corporations Act) notified to TSN (or TSN Registry) by an appropriate authority from the Ineligible Shareholder.
- (e) If there is any surplus in the amount held by TSN in the Trust Account, that surplus less any bank fees and other bank charges will be to the account of TSN. Any interest on the amounts deposited in the Trust Account (less bank fees and other charges) will be to TSN's account.
- (f) If any amount is required under any applicable law or by any Regulatory Authority to be:
- (i) withheld from an amount payable under clause 5.3(a)(iv) or 5.3(d) and paid to any entity or authority; or
 - (ii) retained by TSN out of an amount payable under clause 5.3(a)(iv) or 5.3(d),

its payment or retention by or on behalf of TSN will constitute the full discharge of TSN's obligations under this clause with respect to the amount so paid or retained until, in the case of clause 5.3(f)(ii), it is no longer required to be retained.

- (g) Each Ineligible Shareholder appoints TSN as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) (or equivalent) that the Sale Nominee is required to provide to Ineligible Shareholders under the Corporations Act, or any other applicable law.
- (h) TSN agrees to appoint the Sale Nominee as soon as reasonably practicable after obtaining the Court's order under section 411(1) of the Corporations Act to convene the Scheme Meeting, and at least two weeks prior to the Scheme Meeting.

5.4 Orders of a court or Regulatory Authority

Notwithstanding any other provision of this Scheme, in the case of written notice having been given to TSN (or TSN Registry) of an order or direction made by a court of competent jurisdiction or Regulatory Authority, or TSN is aware of any law, that:

- (a) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by TSN or EXL in accordance with this clause 5 (including payment of proceeds otherwise payable to an Ineligible Shareholder), then TSN or EXL (as applicable) will be entitled to and must procure that the provision of that consideration is made in accordance with that order, direction or law; or

- (b) prevents TSN or EXL from providing consideration to any particular Scheme Shareholder in accordance with this clause 5 (including payment of proceeds otherwise payable to an Ineligible Shareholder), or the payment or issuance of such consideration is otherwise prohibited by applicable law, then TSN or EXL (as applicable) will be entitled to not pay or issue (or in the case of TSN, direct EXL not to issue) the Scheme Consideration to the relevant Scheme Shareholder until such time as the provision of the Scheme Consideration in accordance with clause 5.2(a) is permitted by that (or another) order or direction or otherwise by the applicable law, or issue (or in the case of TSN, direct EXL to issue) to a permitted trustee or nominee, the Scheme Consideration to which the relevant Scheme Shareholder would otherwise be entitled under this Scheme,

and such actions will constitute full discharge of each of TSN and EXL's obligations in respect of the relevant Scheme Consideration.

5.5 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any Consideration Shares issued as Scheme Consideration, must be issued to and registered in the names of the joint holders;
- (b) any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to the holder whose name appears first in the Target Register as at the Record Date; and
- (c) any other document required to be sent under this Scheme, will be forwarded to the holder whose name appears first in the Target Register as at the Record Date.

5.6 Fractional entitlements and splitting

- (a) Subject to clause 5.6(b), where the calculation of the number of Consideration Shares to be issued to a particular Scheme Shareholder as Scheme Consideration would result in an entitlement to the issue of a fraction of an EXL Share which is 0.5 or greater, the fractional entitlement will, after aggregating all holdings of the Scheme Shareholder, be rounded up to the nearest whole number of Consideration Shares, otherwise the rounding will be down to the nearest whole number.
- (b) If EXL or TSN reasonably believe that two or more Scheme Shareholders, each of whom holds a number of Scheme Shares which results in rounding in accordance with clause 5.6(a), have, on or before the Record Date, been party to shareholding splitting or division in an attempt to obtain an advantage by reference to the rounding provided for under clause 5.6(a), TSN must, if requested by EXL, send a notice to those Scheme Shareholders:
 - (i) setting out their names and Registered Addresses;
 - (ii) stating that opinion; and
 - (iii) attributing to one of them specifically identified in the notice (**Deemed Holder**) all of the Scheme Shares held by all of them,

and after such notice has been given, the Scheme Shareholder specifically identified in the notice as the Deemed Holder of the specified Scheme Shares will, for the purposes of this Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and Registered Addresses are set out in the notice will, for the purposes of this Scheme, be taken to hold no Scheme Shares. EXL, in complying with the provisions of this Scheme relating to it in respect of the Scheme Shareholder specifically identified in the notice as the Deemed Holder of the specified Scheme Shares, will be taken to have satisfied and discharged its obligations under the terms of the Scheme to all the Scheme Shareholders named in the notice. For the avoidance of doubt, EXL must still issue the Scheme Consideration to the Deemed Holder, subject to the terms of this Scheme.

5.7 Trading

Subject to this Scheme becoming Effective, EXL will apply for the Consideration Shares comprising the Scheme Consideration to be approved for conditional listing on the ASX and use its reasonable endeavours to ensure that on and from the Business Day after the Implementation Date, the Consideration Shares comprising the Scheme Consideration will be approved for listing on ASX.

5.8 Definition of 'sending'

For the purposes of clause 5, the expression sending means, in relation to each Scheme Shareholder:

- (a) sending by ordinary pre-paid post or courier to the Registered Address of that Scheme Shareholder as at the Scheme Record Date; or
- (b) delivery to the Registered Address of that Scheme Shareholder as at the Record Date by any other means at no cost to the recipient.

5.9 Unclaimed monies

- (a) TSN may cancel a cheque issued under clause 5.3(d)(i) if the cheque:
 - (i) is returned to TSN; or
 - (ii) has not been presented for payment within 6 months after the date on which the cheque is sent.
- (b) During the period of 12 months commencing on the Implementation Date, on request in writing from an Ineligible Shareholder to EXL (or the TSN Registry), which request must not be made until the date which is 20 Business Days after the Implementation Date, TSN must reissue a cheque that was previously cancelled under clause 5.9(a)(ii).
- (c) The Unclaimed Money Act will apply in relation to any Scheme Consideration which becomes “unclaimed money” as defined in that Act.

6. Dealings in Scheme Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in TSN Shares or other alterations to the Target Register will only be recognised by TSN if:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Target Register as the holder of the relevant TSN Shares on or before 7.00pm on the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form, or valid requests in respect of other alterations, in relation to those dealings or alterations are received on or before 5.00pm on the Record Date at the place where the Target Register is kept,

and TSN must not accept for registration, nor recognise for any purpose (except any transfer to or by EXL or its successors in title, following implementation of the steps set out in clause 4 of this Scheme), any transmission application, transfer or other alteration request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Target Register

TSN must register any registrable transmission applications or transfers, or other valid request in respect of other alterations, of the Scheme Shares received in accordance with clause 6.1(b) of this Scheme on or before the Record Date.

6.3 No disposals after Record Date

If this Scheme becomes Effective:

- (a) from the Record Date until implementation of the steps set out in clause 4.2 of this Scheme, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them in any way except as set out in this Scheme and any such disposal will be void and of no legal effect; and
- (b) TSN will not accept for registration or recognise for any purpose any transmission, application or transfer, or other valid request in respect of other alterations, in respect of TSN Shares received after 5.00pm on the Record Date (or 7.00pm on the Record Date in the case of dealings of the type effected by CHES) (except for any transfer by EXL or its successors in title, following implementation of the steps set out in clause 4.2 of this Scheme).

6.4 Maintenance of TSN Register

For the purpose of determining entitlements to the Scheme Consideration, TSN must maintain the Target Register in accordance with the provisions of this clause 6 until the Scheme Consideration has been provided to the Scheme Shareholders and the other steps set out in clause 4.2 of this Scheme have been completed. The Target Register in this form and the terms of this Scheme will solely determine entitlements to the Scheme Consideration.

6.5 Effect of certificates and holding statements

- (a) Any statements of holding in respect of Scheme Shares (other than statements of holding in favour of EXL or its successors in title) will cease to have effect after the Record Date as documents of title in respect of those TSN Shares.
- (b) As from the Record Date, each entry current on the Target Register as at the Record Date (other than entries in respect of EXL or its successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

6.6 Details of Scheme Shareholders

As soon as practicable after the Record Date, and in any event on the first Business Day after the Record Date, TSN must ensure that details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Shareholder, as shown in the Target Register on the Record Date are available to EXL in such form as EXL reasonably requires.

6.7 Quotation of TSN Shares

- (a) TSN must apply to ASX to suspend trading on ASX in TSN Shares, and use best endeavours to ensure ASX does so, with effect from the close of trading on ASX on the Effective Date.
- (b) On the next trading day after the Implementation Date (or such other date to be determined by EXL and notified to TSN in writing), and only after the transfer of all Scheme Shares has been registered in accordance with clause 4.2, TSN must apply:
 - (i) for termination of the official quotation of TSN Shares on ASX; and
 - (ii) to have itself removed from the official list of the ASX.

7. General Scheme provisions

7.1 Title to and rights in the Scheme Shares

On and from the Implementation Date, EXL will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by TSN of EXL in the Target Register as the holder of the Scheme Shares.

7.2 Appointment of agent and attorney

On the Effective Date, each Scheme Shareholder, without the need for any further act:

- (a) irrevocably appoints TSN as its agent and attorney for the purpose of executing any document or form or doing any other act necessary or incidental to give effect to the terms of this Scheme and the transactions contemplated by it, including the Scheme Transfer and the giving of the Scheme Shareholder's consent under clause 7.9; and
- (b) irrevocably appoints TSN as its agent and attorney for the purpose of enforcing the Deed Poll against EXL,

and TSN accepts such appointment. TSN, as agent and attorney of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 7.2 to all or any of its directors and officers (jointly, severally or jointly and severally).

7.3 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to the Scheme Shareholders in the manner contemplated by clause 5.2(a), and until TSN registers EXL as the holder of all Scheme Shares in the Target Register, each Scheme Shareholder:

- (a) is deemed to have irrevocably appointed EXL as attorney and agent (and directed EXL in each such capacity) to appoint any director, officer, secretary or agent nominated by EXL as its sole proxy and, where applicable or appropriate, corporate representative, to attend Target Shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any Target Shareholders' resolution or document in any capacity;
- (b) must not attend or vote at any Target Shareholders' meetings or sign any Target Shareholders' resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 7.3(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as EXL reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 7.3(a), EXL and any director, officer, secretary or agent nominated by EXL under clause 7.3(a) may act in the best interests of EXL as the intended registered holder of the Scheme Shares.

7.4 Alterations to Scheme or condition

TSN may, by its counsel or solicitors, and with the prior written consent of EXL (which must not be unreasonably withheld), consent on behalf of all persons concerned, including each Scheme Shareholder, to any alteration or condition to the Scheme which the Court thinks fit to impose. Each Scheme Shareholder agrees to any such alteration or condition consented to by TSN in accordance with this clause 7.4.

7.5 Further action by TSN

- (a) TSN must execute all documents and do all things (on its own behalf and on behalf of each Scheme Shareholder) necessary or expedient to implement, and perform its obligations under and give effect to, this Scheme and the transactions contemplated by it.
- (b) Each Scheme Shareholder consents to TSN executing all documents and doing all things necessary or expedient to implement and give effect to this Scheme and the transactions contemplated by it.

7.6 No liability when acting in good faith

Each Scheme Shareholder agrees that neither TSN, EXL nor any of their respective officers, employees and advisers (as applicable), will be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

7.7 Enforcement of Deed Poll

TSN undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against EXL on behalf of and as agent and attorney for the Scheme Shareholders.

7.8 Binding effect of Scheme

This Scheme binds TSN and all Scheme Shareholders (including those who did not attend the Scheme Meeting, those who did not vote at that meeting, or voted against this Scheme at that meeting) and, to the extent of any inconsistency, overrides the TSN Constitution.

7.9 Scheme Shareholders' consent

Each Scheme Shareholder irrevocably, and without the need for any further act by that Scheme Shareholder:

- (a) agrees to the transfer of their Scheme Shares together with all rights and entitlements attaching to those Scheme Shares in accordance with this Scheme;
- (b) consents to TSN and EXL doing all things and executing all deeds, instruments and other documents as may be necessary, incidental or expedient to the implementation and performance of the Scheme;
- (c) agrees to the variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from the Scheme;
- (d) who holds their Target Shares in a CHESS Holding, agrees to the Conversion of those Target Shares to an Issuer Sponsored Holding and irrevocably authorises TSN to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such Conversion;
- (e) agrees to, on the direction of EXL, destroy any holding statements or share certificates relating to their Scheme Shares;
- (f) agrees to become a shareholder of EXL, to have their name registered in the register of members of EXL as a holder of EXL Shares (in respect of the Consideration Shares which they are to be issued pursuant to this Scheme) and to be bound by EXL's constitution; and
- (g) acknowledges and agrees that the Scheme binds TSN and all of the Scheme Shareholders (including those who do not attend the Scheme Meeting, do not vote at that meeting or vote against the Scheme at that meeting) and, to the extent of any inconsistency, overrides the TSN Constitution.

7.10 Warranty by Scheme Shareholders

- (a) Each Scheme Shareholder is deemed to have warranted to EXL on the Implementation Date that:
 - (i) all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the date of their transfer to EXL

pursuant to this Scheme, be fully paid and free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;

- (ii) they have full power and capacity to sell and to transfer their Scheme Shares together with any rights and entitlements attaching to such Scheme Shares pursuant to the terms of this Scheme; and
 - (iii) it has no existing right to be issued any Target Shares, Target Options, Target Performance Rights, TSN convertible notes or any other TSN securities, other than, in the case of any Scheme Shareholder who is also the holder of Target Options, the right to be issued TSN Shares on the exercise of those Target Options in accordance with their terms.
- (b) To the extent permitted by law, Scheme Shares transferred under the Scheme will be transferred free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.
- (c) TSN undertakes that it will provide the warranties in clause 7.10(b) to EXL as agent and attorney of each Scheme Shareholder.

7.11 Instructions and elections

If not prohibited by law (and including where permitted or facilitated by relief granted by a Regulatory Authority), all instructions, notifications or elections by a Scheme Shareholder to TSN which are binding or deemed binding between the Scheme Shareholder and TSN relating to TSN or Target Shares (including any email addresses, instructions relating to communications from TSN, whether dividends are to be paid by cheque or into a specific bank account, notices of meetings or other communications from TSN) will be deemed from the Implementation Date (except to the extent determined otherwise by EXL in its sole discretion), by reason of this Scheme, to be made by the Scheme Shareholder to EXL and to be a binding instruction, notification or election to, and accepted by, EXL in respect of the Consideration Shares issued to that Scheme Shareholder until that instruction, notification or election is revoked or amended in writing addressed to EXL at its registry.

8. General

8.1 Notices

- (a) Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to TSN (or the TSN Registry), it will be deemed to be received on the date (if any) on which it is actually received at TSN's registered office (or at the office of the TSN Registry), and will not be deemed to be received on any other date.
- (b) An accidental omission to give notice of the Scheme Meeting to any Target Shareholder, or the non-receipt of such a notice by any Target Shareholder may not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

8.2 Nature of obligations

Each obligation imposed on a party by this Scheme in favour of another is a separate obligation. Unless specified otherwise, the performance of one obligation is not dependent or conditional on the performance of any other obligation.

8.3 No variation

This Scheme cannot be amended or varied except in writing signed by EXL and TSN and, if after orders have been made by the Court in accordance with section 411(1) of the Corporations Act, then only with the consent of the Court.

8.4 Duty

Any Duty (including related interest or penalties) payable in connection with the transfer of the Scheme Shares must be paid by EXL, and EXL is entitled to apply for and retain any refund of such Duty.

8.5 Further assurances

- (a) A party, at its own expense and within a reasonable time of being requested by another party to do so, must do all things and execute all documents that are reasonably necessary to give full effect to this Scheme.
- (b) Each Scheme Shareholder consents to TSN and EXL doing all things necessary or incidental to give full effect to this Scheme and the transactions contemplated by it.

8.6 Governing law and jurisdiction

- (a) This Scheme is governed by and must be construed in accordance with the laws in force in New South Wales.
- (b) The parties submit to the exclusive jurisdiction of the courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of all matters arising out of or relating to this Scheme, its performance or subject matter.

Annexure F – Notice of Meeting

The Sustainable Nutrition Group Ltd

ACN 071 666 334

Notice is given that by an order of the Federal Court of Australia made on 28 June 2023 pursuant to section 411(1) of the *Corporations Act 2001 (Cth)* (**Corporations Act**) a meeting of the holders of ordinary shares in The Sustainable Nutrition Group Ltd ACN 071 666 334 (**TSN**) will be held on 2 August 2023 at 10am (Melbourne time) at the offices of K & L Gates, Level 25, 525 Collins Street, Melbourne, Victoria (**Scheme Meeting**).

TSN Shareholders wishing to vote, or their attorneys or in the case of a TSN Shareholder or proxy which is a corporation, corporate representatives, must attend the offices of K & L Gates at this time to participate in the Scheme Meeting.

The Court has also directed that Ms Pauline Gately or, if she is unable or unwilling to participate in the Scheme Meeting, Melanie Leydin, act as Chairperson of the meeting.

PURPOSE OF MEETING

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without modification) to be made between TSN and TSN's ordinary shareholders to effect the acquisition of 100% of the issued shares of TSN by Elixinol Wellness Limited ACN 621 479 794 (**EXL**).

To enable you to make an informed voting decision, further information about the Scheme is set out in the accompanying explanatory statement (for the purposes of section 412(1) of the Corporations Act) which, together with this Notice of Meeting, forms part of the Scheme Booklet.

BUSINESS OF THE MEETING

Resolution – Approval of the Scheme of Arrangement

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

“That, pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth):

- (a) *the scheme of arrangement proposed between The Sustainable Nutrition Group Ltd ACN 071 666 334 and the holders of its fully paid ordinary shares (Scheme), the terms of which are contained and more particularly described in the Scheme Booklet (of which this Notice of Scheme Meeting forms part) is approved (with or without any modifications, alterations or conditions agreed in writing between The Sustainable Nutrition Group Ltd and Elixinol Wellness Limited ACN 621 479 794 and approved by the Federal Court of Australia or any modifications, alterations or conditions as thought just by the Federal Court of Australia and to which The Sustainable Nutrition Group Ltd and Elixinol Wellness Limited agree in writing); and*
- (b) *the Board of Directors of The Sustainable Nutrition Group Ltd are authorised, subject to the terms of the Scheme Implementation Deed:*
 - (i) *to agree to any modifications, alterations or conditions with Elixinol Wellness Limited;*

- (ii) *to agree to any modifications, alterations or conditions as are thought just by the Federal Court of Australia; and*
- (iii) *subject to approval of the Scheme by the Federal Court of Australia, to implement the Scheme with any such modifications, alterations or conditions.”*

By order of the Board

Company Secretary
Ms Melanie Leydin

EXPLANATORY NOTES

These notes should be read in conjunction with this Notice of Scheme Meeting.

1. Terminology

- (a) Capitalised terms which are defined in the Scheme Booklet which accompanies this Notice of Scheme Meeting have the same meaning when used in this Notice (including these notes) unless the context requires otherwise.
- (b) This Notice of Scheme Meeting should be read in conjunction with the entire Scheme Booklet of which this Notice forms part. The Scheme Booklet contains important information to assist you in determining how to vote on the proposed resolution. The Scheme Booklet includes a copy of the Scheme (refer to Annexure E) and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme (the explanatory statement being all Sections of this Scheme Booklet, other than this Annexure F).

2. Quorum

The constitution of TSN provides that the quorum for a meeting of the Company's members is 2 members (in person or by proxy, attorney or representative).

3. Chairperson

The Court has directed that Ms Pauline Gately act as Chairperson of the Scheme Meeting or, failing her, Melanie Leydin.

4. Voting intentions

The TSN Directors unanimously recommend that, in the absence of a Superior Proposal, you vote in favour of the Scheme at the Scheme Meeting. Each TSN Director who holds TSN Shares, or on whose behalf TSN Shares are held, intends to vote, or cause to be voted, all TSN Shares they hold or control in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal.

5. Majority required

In accordance with section 411(4)(a)(ii) of the Corporations Act, for the Scheme of Arrangement to become Effective the Scheme Resolution must be passed by **(Requisite Majorities)**:

- (a) a majority in number (more than 50%) of TSN Shareholders present and voting (whether personally, by proxy, attorney or, in the case of a TSN Shareholder or a proxy who is a corporation, by corporate representative) at the Scheme Meeting; and
- (b) at least 75% of the total number of TSN Shares voted at the Scheme Meeting (whether personally, by proxy, attorney or, in the case of a TSN Shareholder or a proxy who is a corporation, by corporate representative).

The vote of the Scheme Meeting will be conducted by poll.

6. Court approval

In accordance with section 411(4)(b) of the Corporations Act, to become Effective, the Scheme of Arrangement (with or without any modifications or conditions agreed between TSN and EXL or any modifications or conditions required by the Court to which TSN and EXL agree) must be approved by an order of the Federal Court of Australia and an office copy of the orders must be lodged with ASIC. If the Scheme Resolution is approved at the Scheme Meeting by the Requisite Majorities and the conditions precedent in the Scheme of Arrangement are satisfied or waived (as applicable), TSN will apply to the Court for the necessary orders to give effect to the Scheme of Arrangement.

7. Entitlement to vote

The Court has ordered that, for the purposes of the Scheme Meeting, TSN Shares will be taken to be held by the persons who are registered as TSN Shareholders at 7:00 pm (Melbourne time) on 10 August 2023. Accordingly, registrable transmission applications or transfers registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

8. **Voting at the meeting**

You may vote by participating in the Scheme Meeting or by appointing an attorney or corporate representative to participate in the Scheme Meeting and vote for you. Alternatively, TSN Shareholders who are entitled to vote at the Scheme Meeting may vote by appointing a proxy to participate and vote on their behalf, using the Proxy Form accompanying this notice or by appointing a proxy online.

(a) **Jointly held TSN Shares**

If more than one shareholder votes in respect of jointly held TSN Shares, only the vote of the shareholder whose name appears first in the TSN Register will be counted whether the vote is given personally, by attorney or proxy.

(b) **Voting**

TSN Shareholders wishing to vote, or their attorneys or in the case of a TSN Shareholder or proxy which is a corporation, corporate representatives, must attend the office of K & L Gates, Level 25, 525 Collins Street, Melbourne, Victoria at 10am (Melbourne time) on 2 August 2023.

(c) **Voting by proxy**

TSN Shareholders wishing to appoint a proxy to vote on their behalf at the Scheme Meeting must either complete and sign the personalised Proxy Form which accompanies this Notice of Meeting or lodge their proxy online. A person appointed as a

proxy may be an individual or a body corporate.

Completed Proxy Forms must be received by the TSN Share Registry by 10 am (Melbourne time) on 31 July 2023 in any of the following ways:

- (i) **By mail** in the enclosed reply-paid envelope (or the self-addressed envelope, for TSN Shareholders whose registered address is outside Australia) mailed to the TSN Share Registry at:

The Sustainable Nutrition Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia.
- (ii) **Online** if you wish to appoint your proxy online, you should do so by visiting <https://investorcentre.linkgroup.com> following the instructions in the enclosed Proxy Form. Online appointments of proxies must be done by 10am (Melbourne time) 31 July 2023
- (iii) **By Hand** to:
Link Market Services Limited
Parramatta Square, Level 22, Tower 6,
10 Darcy Street,
Parramatta NSW 2150

A proxy need not be a TSN Shareholder.

If you appoint a proxy and subsequently wish to attend the meeting yourself, the proxy will retain your vote and you will be unable to vote yourself unless you

notify the TSN Share Registry of the revocation of your proxy appointment before the commencement of the Scheme Meeting. You may notify the TSN Share Registry on 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia).

If a proxy appointment is signed by a TSN Shareholder but does not name the proxy or proxies in whose favour it is given, the Chairperson will act as proxy.

You are entitled to appoint up to two proxies to participate in the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes.

Replacement Proxy Forms can also be obtained from the TSN Share Registry.

If you hold TSN Shares jointly with one or more other persons, in order for your proxy appointment to be valid, each of you must sign the Proxy Form.

(d) Undirected proxies

If a TSN Shareholder nominates the Chairperson of the Scheme Meeting as that TSN Shareholder's proxy, the person acting as Chairperson of the Scheme Meeting must act as proxy under the appointment in respect of any or all items of business to be considered at the Scheme Meeting.

If a proxy appointment is signed or validly authenticated by that TSN Shareholder but does not name the proxy or proxies in whose favour it is given, the Chairperson of the Scheme Meeting will act as proxy in respect of any or all items of business to be considered at the Scheme Meeting.

Proxy appointments in favour of the Chairperson of the Scheme Meeting, the Company Secretary or any TSN Director which do not contain a direction as to how to vote will be voted in favour of the Scheme Resolution at the Scheme Meeting (in the absence of a Superior Proposal from another party prior to the date of the Scheme Meeting).

The Chairperson intends to vote undirected proxies of which she is appointed as proxy in favour of the Scheme Resolution (in the absence of a Superior Proposal from another party prior to the date of the Scheme Meeting).

(e) Voting by attorney

If you wish to appoint an attorney to vote at the Scheme Meeting the original or a certified copy of the power of attorney under which the attorney has been appointed must be received by the TSN Share Registry no later than 10am (Melbourne time) on 31 July 2023 (or if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting).

Any power of attorney granted by a TSN Shareholder will, as between TSN and that TSN Shareholder, continue in force and may be acted on, unless express notice in writing of its revocation or the death of the relevant TSN Shareholder is received by the TSN Share Registry by 10am (Melbourne time) on 31 July 2023.

Your appointment of an attorney does not preclude you from attending, participating and voting at the Scheme Meeting. The appointment of your attorney is not revoked merely by your participation and taking part in the Scheme Meeting, but if you

vote on a resolution, the attorney is not entitled to vote, and must not vote, as your attorney on that resolution.

(f) Voting by corporate representative

To vote by corporate representative at the Scheme Meeting, a TSN Shareholder or proxy who is a corporation should obtain a *Certificate of Appointment of Corporate Representative* from the TSN Share Registry, complete and sign the form in accordance with the instructions on it. The completed appointment form should be lodged with the TSN Share Registry before 10am (Melbourne time) on 31 July 2023.

The appointment of a representative may set out restrictions on the

representative's powers. The appointment must comply with section 250D of the Corporations Act.

The original *Certificate of Appointment of Corporate Representative*, a certified copy of the *Certificate of Appointment of Corporate Representative*, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.

9. **Advertisement**

Where this Notice of Scheme Meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone from the website of ASX (www2.asx.com.au) or from TSN's website or by contacting the TSN Share Registry.

Annexure G – Sample Proxy Form



ACN 071 666 334

LODGE YOUR VOTE

ONLINE
<https://investorcentre.linkgroup.com>

BY MAIL
The Sustainable Nutrition Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
Parramatta Square, Level 22, Tower 6,
10 Darcy Street, Parramatta NSW 2150

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



X999999999999

PROXY FORM

I/We being a member(s) of The Sustainable Nutrition Group Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

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

STEP 1

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Share Scheme Meeting of the Company to be held at **10:00am (AEST) on Wednesday, 2 August 2023 at the offices of K & L Gates, Level 25, 525 Collins Street, Melbourne, Victoria** (the **Meeting**) and at any postponement or adjournment of the Meeting.

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

VOTING DIRECTIONS

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

Resolutions

For Against Abstain*

1 Approval of the Share Scheme of Arrangement

STEP 2



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

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

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

STEP 3

TSN PRX2302A



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

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

APPOINTMENT OF PROXY

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

DEFAULT TO CHAIRMAN OF THE MEETING

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

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF A SECOND PROXY

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

To appoint a second proxy you must:

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

SIGNING INSTRUCTIONS

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

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

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

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

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

CORPORATE REPRESENTATIVES

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

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (AEST) on Monday, 31 July 2023**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

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



ONLINE

<https://investorcentre.linkgroup.com>

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



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link <https://investorcentre.linkgroup.com> into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



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



BY MAIL

The Sustainable Nutrition Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
Parramatta Square
Level 22, Tower 6
10 Darcy Street
Parramatta NSW 2150

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

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

CORPORATE DIRECTORY

COMPANY

The Sustainable Nutrition Group Ltd
ACN 071 666 334

Telephone: +61 3 9692 7222
Website: www.sustainablenutrition.com.au

REGISTERED OFFICE

Level 4, 96-100 Albert Road
South Melbourne, VIC, 3205

DIRECTORS

Ms Pauline Gately
Mr Shane Gild
Mr James Hood
Mr Thomas Siebel

COMPANY SECRETARY

Ms Melanie Leydin

TSN SHARE REGISTRY

Link Market Services Limited
Tower 4, 727 Collins Street
Docklands, VIC 3008

LEGAL ADVISER

K&L GATES
Level 25
Rialto South Tower
525 Collins Street
Melbourne, VIC 3000

INDEPENDENT EXPERT

RSM Australia Pty Ltd
Level 21
55 Collins Street
Melbourne, VIC 3000