



GREENFERN INDUSTRIES LIMITED

(Listed on the NZX: GFI)

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Greenfern announces Cannvalate Transaction update

This announcement is an update on the announcement made to the market on 10 January 2022.

Greenfern Industries Limited has now made further progress toward finalising an agreement that is designed to amend and expand its white label arrangements with Cannvalate Pty Limited.

Under these white label arrangements, Greenfern is able to place orders with Cannvalate, which require Cannvalate to arrange for the manufacture, sale, and distribution of medicinal cannabis products to pharmacies in Australia as part of its product range, but under the GFI Pharma brand.

Under these arrangements, Greenfern pays Cannvalate service fees, Cannvalate pays Greenfern license fees, and Cannvalate sells Greenfern deidentified patient data collected from patients who purchase product from the pharmacies.

Subject to finalising an agreement, and Greenfern obtaining shareholder approval for the expansion, Cannvalate would aspire to achieving a goal of 6,000 new patients for GFI Pharma branded products over a 24-month period and receive performance shares in Greenfern for doing so. As announced on 10 January, these shares would have an aggregate value of NZ\$900,000. They would now be issued at the 90-day VWAP price at the time of issue. Greenfern would issue NZ\$150,000 shares for every 1,000 new patients.

Based on orders already placed under the existing arrangements, Greenfern is to issue NZ\$150,000 of performance shares now to satisfy in advance a first milestone of 1000 new patients (with provision for a pro rata refund in cash or equity should the milestone not be achieved). All further issues of performance shares would be made on achievement of the relevant milestone.

Outside of the white label arrangements, Greenfern has also agreed to acquire A\$225,000 of product from Cannvalate. This product will be manufactured under a GMP licensed facility and is intended to be able to be sold in New Zealand (as well as Australia), subject to all required Medsafe approvals first being obtained. This transaction is not dependent on finalising an agreement for an extension of the white

label arrangements.

“It is pleasing to see the progress we have made toward finalising an agreement with Cannvalate to expand our white label arrangements”. “Our budgets show that based on projections, our sales in Australia will increase to around \$700 thousands in the first year and approximately \$1.5 million in the second year.” said Mr. Dan Casey, the Managing Director of Greenfern. “This is a further positive step towards enhancing our brand in the Australian market”. “The purchase of product outside of these arrangements will enable us to progress our plans for the direct sale of product in Australia, and in New Zealand subject to requisite regulatory approvals first being obtained”, he said.

Shareholders can expect to receive a further update when a final agreement for an extension of the white label arrangements has been finalized.

For further information

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