

For Public Release

NZX Limited
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Regulatory Changes to Bolster NZ Medicinal Cannabis Industry Growth and Competitiveness

Cannasouth Limited (NZX:CBD) is pleased to share forthcoming regulatory changes that are poised to have a significant impact on Cannasouth's growth trajectory and our industry competitiveness. The Medicinal Cannabis Agency has obtained approval for a series of modifications to the Misuse of Drugs (Medicinal Cannabis) Regulations 2019.

Key Highlights Include:

1. **Facilitation of Exports:** Changing the quality requirements for exports will make it easier for New Zealand companies, like ours, to penetrate international markets.
2. **Expansion of Medicinal Cannabis Categories:** Broadening the definitions to cover a more extensive variety of plant forms.
3. **Enhancement in Research Capabilities:** The new amendments will enable non-therapeutic research involving cannabis plant material or products obtained from the Medicinal Cannabis Scheme or the Industrial Hemp Framework.

These primary changes are complemented by various technical enhancements to streamline the Scheme's compliance prerequisites without jeopardising product quality.

Mark Lucas, CEO of Cannasouth, says, "We have eagerly anticipated these changes, working in consultation with both the New Zealand Medicinal Cannabis Council and Medicinal Cannabis Agency. Beyond the major regulatory shifts, there are numerous smaller adjustments expected to be implemented. When considered collectively, these refinements have the potential to materially influence the scheme in a positive manner.

"By facilitating better access to export markets and reducing bureaucratic overheads, we can harness economies of scale. This not only strengthens Cannasouth's position but also translates to reduced costs for New Zealand patients, aligning with our commitment to making medicinal cannabis more affordable and accessible."

It is worth noting that these regulatory amendments will not influence the current prescribing methods for medicinal cannabis. The overarching intent of these changes is to ensure the long-term sustainability of the medicinal cannabis sector while maintaining the quality of products to patients.

Public consultations will be initiated on relevant materials that will be incorporated by reference into the Regulations. Post-consultation, the drafting of amendment regulations will commence, with the objective of enacting them by the end of 2023.

For a detailed overview of the changes, please refer to the official communication from the Medicinal Cannabis Agency on the Ministry of Health website: <https://www.health.govt.nz/our-work/regulation-health-and-disability-system/medicinal-cannabis-agency/medicinal-cannabis-agency-information-industry/changes-misuse-drugs-medicinal-cannabis-regulations-2019>

Mr Lucas says, "We believe that these changes will streamline our operational processes, reduce costs, and enable us to seize new market opportunities. Cannasouth remains committed to leveraging these regulatory improvements to deliver enhanced shareholder value."

-ENDS-

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About Cannasouth Limited

Cannasouth is a vertically integrated biopharmaceutical Group. The Group has been established to focus on the commercial development of the medicinally beneficial attributes of cannabinoid compounds produced by the cannabis plant, and other health products and medicines. Our goal is to support patients' health outcomes and improve their quality of life. Our products are produced under GMP, using environmentally friendly methods, ensuring patients are treated with therapeutic products of the highest quality. Cannasouth Limited is the parent company, listed on the NZX, and is 100% owner of Cannasouth Bioscience Ltd, Cannasouth Cultivation Ltd and Eqalis Group New Zealand Ltd.

For video footage, photos and logos please visit: <https://www.cannasouth.co.nz/about/media/>