



GREENFERN INDUSTRIES LIMITED

(Listed on the NZX: GFI)

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Greenfern eyes FDA approved cannabinoid medicine opportunity as part of multi deal

Greenfern Industries (GFI) is looking to expand its pharmaceutical offering by considering a number of major international deals that, in part, would see GFI's subsidiary, GFI Pharma, achieve an accelerated pathway to a Schedule 3 registration in Australia and authorisation to distribute "Syndros", one of only four Food and Drug Administration ("FDA") approved cannabinoid medicines, in New Zealand, Australian and the Pacific Islands.

On 26th August 2022, GFI entered into a non-binding term sheet with Australian-based Cannvalate Pty Ltd ("Cannvalate") pursuant which Cannvalate will incorporate a new entity ("NewCo") with NewCo to then be acquired by GFI subject to the satisfaction of certain conditions, including that GFI obtains all necessary regulatory and shareholder approvals, including under the Companies Act 1993, NZX Listing Rules and the Takeovers Code where required.

As set out in non-binding term sheet, prior to being acquired by GFI, NewCo will acquire and hold:

1. the exclusive right and licence to distribute Syndros throughout Australia, New Zealand the Pacific Islands.

Syndros is liquid cannabinoid for adults that is used to treat cancer patients who suffer from chemotherapy-induced nausea and vomiting (CINV) and to treat loss of appetite (anorexia) in people with AIDS who have lost weight.

GFI managing director Dan Casey said cannabinoid medicines are known to be useful treatments for a wide variety of indications including pain, anxiety, and insomnia.

"Syndros is widely used in North America and is one of the few cannabinoid derived drugs that are approved by the FDA. Given the stringent and laborious process of having a drug approved with the FDA, there's extensive data that can be used for GFI to pursue a similar authority with the Therapeutic Goods Administration (TGA) in Australia and Medsafe in New Zealand. GFI have performed extensive due diligence on this opportunity and the company recognises this as a significant opportunity."

GFI will be required to pay NZ\$5m to Cannvalate in respect of the Syndros licence and distribution rights held by NewCo, which amount may be satisfied in cash or by the issue of new GFI shares (or a mix of both).

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2. A perpetual licence of an Investigational Medicinal Product ("IMP") that comes with a Drug Master File (DMF) and pre-clinical data from a United States based small molecule active pharmaceutical ingredients (API) manufacturer.

This carefully selected sublingual formulation will be used to support GFI's Schedule 3 clinical trial pursuits to have one of the first over-the-counter registered cannabidiol ("CBD") medications available to Australians that suffer with mild anxiety.

"The fact that we are able to expedite the process by acquiring full and finalised Phase 1 clinical data for a novel cannabinoid medicine will allow us to get to our first in human trials substantially quicker and at less cost," says Casey.

The cost to GFI of acquiring this licence (through the acquisition of NewCo) is NZD\$1 million, which amount will be satisfied through the issue of new GFI shares.

The non-binding term sheet with Cannvalate also contemplates a separate but related transaction, pursuant to which GFI will enter into a binding contract with Melbourne-based Contract Research Organisation, Ingenu (a wholly owned subsidiary of Cannvalate). Ingenu will assist GFI Pharma with the phase 2, schedule 3 clinical trial of the Investigational Medicinal Product (IMP) (which will be acquired through the acquisition of NewCo) for mild anxiety. The trial design has an additional arm to the trial which means, if clinical trials are successful and end points are met, GFI may also seek to use this data for product approvals and registrations with the FDA, Medsafe in New Zealand, or other regulatory bodies. The binding contract will be subject to acceptance of the clinical trial protocols by the TGA in Australia and to all other shareholder and regulatory approvals, including as required by the Companies Act 1993, NZX Listing Rules and Takeovers Code where required.

GFI will pay for the services provided to GFI Pharma by Ingenu through the issue [to Ingenu] of GFI shares with a value of NZ\$3million and a cash payment of NZ\$2.3million. GFI will look to utilise the Australian government R&D rebates to satisfy some of the cash component. Currently a 43.5% rebate is given for companies undertaking clinical research in Australia. The final terms of how the transaction will be settled will form part of the final binding commercial contract.

The parties intend to enter into formal, binding (but conditional) agreements in relation to these transactions on or before 30 November 2022. Shareholders can expect to receive a further update, including material terms of the arrangements, when the commercial agreement(s) have been finalised and in the course of seeking shareholder approvals.

Darryl Davies, a director of GFI, is also a director of Ingenu, and a director and shareholder of Cannvalate. All of the proposed transactions will therefore require regulatory and shareholder approvals in accordance with the Companies Act 1993, the NZX Listing Rules and/or the Takeovers Code.

“This is a transitional period for the Greenfern business as it sees itself mature and expand from a ‘farmer’ to ‘Pharma’ aligned company. As we align ourselves with some large international companies operating in the cannabinoid and biotechnology space it really shows a dedication to the number of strategic decisions and work that has been going on in the background over the last 10 months since listing on the NZX main board in October 2021. As we continue our focus on growing the highest quality, indoor medicinal cannabis here in New Zealand in a carbon net zero environment using renewable hydro power, we also understand the growth that can be attained with a successful pivot and bigger focus into the world of biotechnology,” said Casey.

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About Greenfern Industries

Greenfern Industries Limited is an entrepreneurial-led licensed medicinal cannabis, research and biotechnology company that also has operations spanning into the industrial hemp and hemp food space.

It operates primarily from its medicinal cannabis research facility in Normanby, South Taranaki, which is powered by its own onsite hydropower station. Greenfern also has operations and revenue generating streams within the Australian medicinal cannabis sector.

With an arm in the clinical research space, Greenfern is currently finalising clinical trial protocols to pursue over-the-counter low-dose CBD registered medicines in Australia through the Therapeutic Goods Association.

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