

14 February 2024

Northern Leaf Plc (“Northern Leaf” or the “Company”)

Northern Leaf Plc, the Jersey based medicinal cannabis producer, is pleased to report that good progress has been made in a number of important areas of the Company’s business strategy following the successful rights issue in December 2023 raising £1.75 million (the “Rights Issue”).

New CEO

- Geoff Eyre appointed as CEO effective 1 January 2024.
- Was previously a non-executive director of Northern Leaf since June 2023.
- Proven capital markets and restructuring experience.
- Quick, decisive decision making.
- Stronger team leadership and coordination between departments.
- Focus on cost reduction and revenue growth.

Manufacturing Agreement

- Manufacturing contract signed Jan 2024.
- Enables Northern Leaf to supply branded, finished product in 10g patient packs.
- Significantly improves sales margins.
- Provides the option of irradiation or cold-plasma treatment of product required to access certain markets and also de-risks the production process.
- Option for manufacture of white label finished products.
- Product shelf life extended by manufacturing process.

Sales

- Sales channels established and repeat orders with two customers covering three jurisdictions.
- Negotiating final terms for a long term supply agreement with one supplier.
- New product strains available during late Q1 and Q2 to enable further sales growth and broadening of the customer base.

Debt Restructuring

- Agreements reached with Reto and Investec to reduce the Company’s cost of debt service during 2024 to assist the Company towards achieving self-sustaining cash flow generation from operations during H2 2024.
- Good progress being made in discussions with Sancus to restructure the Company’s main borrowings.

Rights Issue

- Although the Company is in receipt of legally binding commitments for the full £1.75m, we have not yet received full payment of the Rights Issue subscription

proceeds from the two largest subscribers. We are chasing them and we are confident we will receive the outstanding funds shortly.

- Two major shareholders mandated that the Company's pre-existing liabilities towards them be offset against their Rights Issue subscription amounts thereby reducing the amount of cash received by the Company under the Rights Issue by c.£400,000.

Corporate Transaction

- Significant progress made with several potential transaction partners.
- The Company expects to make a further announcement in this regard shortly.
- The 2024 budget anticipates that the Company will become cash flow positive during H2 2024 with sales reaching ~£2.25m per quarter in Q4 2024. However, in part due to the shortfall in cash receipts from the Rights Issue, the Company will require further working capital funding during H1 to achieve the H2 plans due to the time required to ramp up sales.
- The Company is working towards achieving the funding required via one of the corporate transactions currently under discussion.

Frank Walker OBE, Chairman of Northern Leaf Plc commented, *"I am delighted to see a step change in activity at Northern Leaf since the start of this year which has seen a number of key decisions taken to deliver the Company's business growth strategy and address a number of legacy matters necessary for Northern Leaf to achieve long-term financial health and profitable business performance."*

Geoff Eyre, Chief Executive Officer of Northern Leaf Plc commented, *"It has been a very busy start to the year with good progress made in a number of key areas that are critical to the Company's long term success. Although in the strongly regulated market within which Northern Leaf operates the actions take time to bear fruit, I am confident that the plumbing is now in place to enable Northern Leaf to grow and supply a range of premium quality medicinal cannabis products for sale as branded finished products during 2024."*

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