NORTHERN LEAF

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Northern Leaf Shareholder Update

28 October 2026

Dear Shareholder,

It has been some time since many of you last heard from us directly, and for that we apologise. The past year has been one of the busiest in the Company's history, and the Board has been focused on fixing the foundations of the business rather than on communication. This update is intended to put that right, and to set out plainly where Northern Leaf stands today.

In summary: the shareholder resolutions to re-register the Company as a private company have passed; we have signed a term sheet and offer letter to refinance our property loan; the Company is trading profitably, with revenue of approximately £8 million in the first nine months of 2026; our GMP certificate has been renewed following a strong MHRA inspection; and our new treatment capability is due to come online this month. Cash remains tight, but the direction is positive. Each of these points is covered below.

1. Shareholder resolutions passed: Northern Leaf to re-register as a private company

The written resolutions circulated to shareholders on 25 September 2026 have now passed, having reached the required approval thresholds.

Re-registration itself is not yet complete. We are working through the remaining formal steps and will confirm to shareholders once the change of status has taken effect. The change of status does not alter your shareholding.

This is a significant milestone, and it is worth explaining why the Board asked for it. Northern Leaf has been a public limited company (plc) since its early days, when a listing was part of the plan – before the current management's involvement. The listing did not proceed on two occasions, but the obligations of plc status remained. A change to the Companies (Jersey) Law 1991 triggered the Board's review of that status, and re-registering as a private company should give us four practical benefits:

- **Lower running costs.** A private company carries a lighter compliance and administrative burden than a plc. Every pound saved on corporate overhead is a pound that stays in the business.
- **A sensible approach to audit.** The Company's statutory audits are outstanding. The FY2022 audit is materially complete but has not been signed; this is the position the current management inherited. As a plc we are obliged to commission full statutory audits, at a cost of hundreds of thousands of pounds, for years that are already well behind us. As a private company we may have more flexibility to address this proportionately, rather than spending money the business needs elsewhere. Once re-registration is complete, we will work with our legal advisers and the JFSC to confirm how the outstanding requirements will be addressed.

- **A path to good standing with the JFSC.** Being behind on our statutory obligations has been a cloud over the Company. Re-registration is an important step towards regularising our position with the regulator.
- **A simpler capital structure.** The resolutions also give the Board authority to issue shares to those holders of the convertible loan notes issued in the 2023 and 2024 fundraising rounds who wish to take them, which will help tidy up the share register. A simpler capital structure benefits every shareholder, and it is something any lender, investor or acquirer will expect to see.

2. Property loan: signed term sheet to take out the Sancus facility

We are pleased to report that on 15 October 2026 the Company signed a term sheet and borrower offer letter to refinance the Sancus loan in full. We are now working through the lender's due diligence and the loan documentation, with our counsel engaged on the legal side. Our target is to complete by the end of the year, subject to satisfactory due diligence, final documentation and the remaining conditions.

3. Trading: £8m of revenue in the first nine months of 2026

Northern Leaf is trading profitably and generated revenue of approximately £8 million in the nine months from January to September 2026, ahead of both the same period last year and our budget. This performance has not come from a cheap operating base, but from the experience, genetics and operational efficiency driven by the strong team whilst competing successfully against off-island producers, despite energy costs 20–75% higher than theirs. Energy accounts for about 35% of our COGS.

High energy costs remain a challenge as global production comes online, particularly given our restricted options on the Island. As one of the largest consumers of power on the Island, we are seeking to negotiate an industrial or high-use tariff with the Jersey Electricity Company.

Our GMP certificate was renewed by the MHRA on 23 September 2026, following an inspection which found no critical or major deficiencies and improved the site's risk rating. This supports our continued ability to supply the German and UK medical markets.

Profitable does not mean cash-rich. Our cash position remains tight because surplus cash is being used to pay down legacy liabilities, fund capital projects and service debt, and the Board is managing cash carefully.

4. Property: a new planning application

Shareholders will be aware of the long-running planning matter concerning the chiller enclosure at Northern Leaf. Our original approval was overturned on appeal in July 2026, which has delayed the planned noise and visual mitigation works.

Rather than contest that decision further, we are now preparing a new planning application designed to address the historic enforcement notice and the neighbour concerns.

5. Recent local media coverage

You may have noticed recent media coverage on the Island concerning medicinal cannabis. We wish to make clear that Northern Leaf's activities are entirely separate from those being reported. We do not supply product to the local market: 100% of our product is exported.

6. Capital investment: cryo-pasteurisation treatment due to come online this month

For readers outside the industry: before medicinal cannabis flower can be dispensed to a patient it must meet the applicable microbial specifications. For our product, that has meant a treatment step to reduce microbial levels. Until now, that step has been carried out on our behalf by our customers in Germany after the product leaves Jersey. That has meant lower prices for us, less control over the final product, and a dependency on someone else's capacity.

Bringing treatment in-house changes that in three ways:

- **Higher-value product.** Treated flower commands a better price than untreated flower, and we expect to capture that margin ourselves.
- **A new service line.** Northern Leaf will be the only treatment facility of its kind on Jersey. We can offer treatment as a service to other operators and to imported product.
- **Vertical integration.** Growing and treating under one EU-GMP certificate makes Northern Leaf a materially more valuable and resilient business than a grower alone.

7. Looking ahead

There is still a great deal to do. The refinancing must complete, the planning application must succeed, and the new lines of business must prove themselves at scale. Cash will remain tight for the time being, and the Board will continue to manage it with discipline. But the Company is now being run for the long term, and we are working tirelessly to future-proof it.

The Board would like to thank our management team and staff in Jersey, whose effort over the past year has been exceptional, and to thank you, our shareholders, for your patience and continued support.

If you have any questions, please contact us at investors@northern-leaf.com and we will respond as promptly as we can.

Yours faithfully,

The Board
Northern Leaf Plc

This update is provided to shareholders for information only. It contains unaudited management information and forward-looking statements that reflect the Board's current expectations and are subject to change.