



GREENFERN INDUSTRIES LIMITED

(Listed on the NZX: GFI)

Level 8, 115 Queen Street, Auckland, 1140, New Zealand

Ph: +64 (27) 420-2476

Directors' Report

Dear Shareholders,

I am pleased to present to you the Director's Report for Greenfern Industries for the fiscal year ending on 31st March 2023. I am proud to report that the company has continued to make progress towards its goals, despite the challenges of the global economic environment and the difficulties of the medicinal cannabis scheme in its current format here in New Zealand. Notwithstanding these difficulties we have maintained an upward growth trajectory while focusing on our strengths of growing premium, wholly indoor grown medicinal cannabis flower at our ever expanding facility in Normanby Taranaki.

Financial Performance

Greenfern Industries has achieved an improved financial performance in the past year, with a revenue of \$1 million, representing an increase of 368% over the previous year. Our net loss after tax was \$2.03 million, a 1% increase compared to last year. This revenue result puts us ahead of our listed peers in terms of revenue numbers and we expect this to increase over the next financial year as we begin to move our medicinal cannabis flower products into overseas markets. This growth can be attributed to the successful implementation of our strategic plan, which prioritised improving our operational efficiency and growth within the Australian prescriber market and investing in new product development within this sector.

Market Expansion

We have expanded our market presence in Australia in the past year, with the launch of several new products that have been well received by our customers. To date we have acquired 1617 new patients while enjoying a return patient rate on average per month of 39%. We continue to look towards expanding further into the Australian market and continue to investigate new avenues.

Environmental Sustainability

At Greenfern Industries, we are committed to conducting our business in an environmentally sustainable manner. We have continued to focus on reducing our carbon footprint by implementing energy-efficient technologies, reducing

waste, and improving our supply chain. We have maintained our net carbonzero certification via Toitū Envirocare and are the only company in New Zealand from our sector to do so.

Corporate Social Responsibility

Our commitment to corporate social responsibility remains a key priority. In the past year, we have involved local hapu and iwi in our decision making and bought them along on the growth journey of our facility in Normanby Taranaki. We remain a Bcorp registered business. B Corp Certification is a designation that a business is meeting high standards of verified performance, accountability, and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials. I personally spoke as part of a panel at a medicinal cannabis industry day in Auckland to industry peers alongside PWC's Partner of Sustainability & Climate Change Andrew Jamieson and also B Lab Aotearoa New Zealand's manager Qiulae Wong. We continue to play our part to help benefit the future of New Zealand.

Highlights

- Achieving Bcorp certification
- Expanded our relationship with leading Australian medicinal cannabis prescriber Cannvalate
- Gaining our GACP (Good Agricultural and Collection Practices) via Control Union who are an internationally recognised certification board.
- Securing a binding offtake agreement for our medicinal cannabis that will be grown in nearly complete Stage 2 cultivation facility with Ampyl Sciences. Ampyl Science via their export company CannFX has been the first company to export commercial amounts of New Zealand grown medicinal Cannabis into Germany and the UK. We continue to work closely with them to expand our ability to scale our operations.
- Maintained our net carbonzero certification with Toitū Envirocare
- Being part of a trio that was awarded a further Bioresource Processing Alliance (BPA) grant to research high-value products from the by-products of hemp seed processing alongside industry partners Hemp Connect and Callaghan Innovation
- Successful raise of approximately 1.74 million on market via a rights issue.
- Achieving stringent minimum quality testing standards for our indoor grown premium medicinal cannabis verified by an overseas GMP (Good Manufacturing Practices) certified Lab. This is an essential prerequisite for exporting medicinal cannabis starting material flower.

Outlook

Despite the ongoing uncertainty in the global economy, we remain optimistic about the future of Greenfern Industries. We will continue to focus on improving our operational efficiency, investing in new product development, expanding our

market presence, and conducting our business in an environmentally sustainable and socially responsible manner. We are confident that these efforts will help us to achieve our long-term growth objectives and create value for our shareholders.

On behalf of the board, I would like to thank our employees, customers, shareholders and stakeholders for their continued support and commitment to Greenfern Industries.

Sincerely,

Dan Casey,
Managing Director
Greenfern Industries Limited

For Further Information
Please contact Mr Dan Casey
dan@gfi.nz
+64 27 420 2476