



GREENFERN INDUSTRIES LIMITED

(Listed on the NZX: GFI)

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### Change in Accounting Treatment Resulting in Material Adjustment to 30 May 2023 Financial Result Announcement

GFI advises that since the release of its unaudited full year results to 31 March 2023 on 30 May 2023, in the course of the audit process it received a suggestion from its Auditors that it reconsider the accounting treatment of payments and receipts in relation to its contract with Cannvalate Pty Ltd. This relates to a change in GFI's application of the agent/principal judgement policies under NZIFRS 15.

This change will have a material impact on the revenue results as previously announced. However there is no material change in the overall result for the year.

The group previously reported its gross revenue arising on prescription of cannabis medicine and its upfront contract cost payments made to Cannvalate to enable that income, as cost of sales. As a result of the auditors' suggestions, GFI's Board have reconsidered the judgements around the application of NZIFRS 15 (Revenue from Contracts from Customers) and have decided to now recognise only the net revenue, after deduction of the payments made to Cannvalate for the cost of manufacturing the products.

The accounting impact is to materially reduce reported revenue for the period but not to change the final net loss for the period. Recognition of a separate minor timing issue has resulted in a reduction of the net loss for the period of \$16,000.

The adjustment will have the following impact on the 30 May 2023 results announcement.

	Amount (000s)	Percentage change
Revenue from continuing operations	999 551	<del>368%</del> 240%
Total Revenue	999 551	<del>497%</del> 208%
Net profit/(loss) from continuing operations	<del>(1,768)</del> (1,752)	<del>-12%</del> -17%
Total net profit/(loss)	<del>(2,037)</del> (2,022)	1% 0%
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	<del>\$0.02947060</del> \$0.02961510	\$0.04181206

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In addition, the change will result in a prior period error for the year to 31 March 2022. The impact of that is as follows:

	<b>2022</b> <b>Previously</b> <b>NZ\$</b>	<b>2022</b> <b>Restated</b> <b>NZ\$</b>
Operating Revenue	213,354	162,186
Cost of Sales	207,210	156,043
<b>Gross profit</b>	<b>6,143</b>	<b>6,143</b>

The company expects to approve and release its full audited financial statements and annual report for the year to 31 March 2023 on or prior to 30 June 2023.

For further information contact:

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