

24 September 2024

Chief Executive Address – GFI Annual Shareholders Meeting 2024

Greenfern Industries Ltd. (NZX: GFI) Annual Shareholder Meeting
3pm, 24th September 2024

Slide 11: Our Vision

The Vision Greenfern Industries established at the start has not changed

it has spent the past five years establishing itself in the new medicinal cannabis industry- an industry that is proving to be considerably more difficult than anticipated due to strict legislative requirements and the changing international landscape.

Slide 12: Priorities

GFI has concentrated over the past two years on the indoor cannabis cultivation for markets in Europe and Australia and the recent changes to the Medicinal Cannabis regulations will make it much easier for the company to grow revenue from export sales of cannabis flower, a major component of the business.

Slide 13: in 2024

Following completion and commissioning of the commercial growing facility in July last year we have worked hard on establishing regular production cycles in order to produce a sustainable revenue stream.

We have had some successes with the harvest and sale of our first export consignment to the European Union. However, we have struggled to achieve production consistency, with a number of harvest cycles either producing poor quality outputs and lower yields or failing entirely. This has unfortunately coincided with a changing industry demand for higher THC product specifications and a glut in the NZ market for lower THC content products, further reducing returns.

While we are selling produce and achieving revenue, it is falling short of delivering the sustainable cash flow we are looking for.

We believe this lack of production consistency stems both from inconsistent cultivation processes and weak genetics.

Slide 14: Cultivation and Future Markets

Accordingly our current focus is on identifying the best genetics from the stock held within the facility and completing a full review of the cultivation process to ensure the maximum yield of plants and highest levels of THC are achieved consistently.

This has involved interrupting the production cycles and temporarily halting commercial production while additional research is undertaken. While this has delayed short term revenue receipts and strained immediate cash flow we plan to move forward with several selected and stable genetic strains of cannabis, a very clear protocol for cultivation, and confirmed offtake supply arrangements enabling the company to move into a steady production and revenue model.

Further while markets have been secured in Australia and Germany there are opportunities for significantly improved supply arrangements in both Australia and Europe as well as providing other New Zealand medicinal cannabis companies with starting material for their Medsafe approved medicines. We are moving to exploit these opportunities.

After five years GFI now has a good position within the New Zealand medicinal cannabis landscape to build on this core business.

Slide 15: Power Station

GFI's hydroelectric power station continues to operate when river levels permit. The power station uses a 6m tall weir to dam the Waingongoro River at a looped section, which allows water to be taken via a piped section feeding into a pelton wheel generator. The water is then fed back into the river loop

The GFI power station has been producing power which is used to offset power usage in the cultivation facility with the surplus power sold back to the national grid. This is a unique asset that sets GFI apart from other cannabis companies.

Power consumption and staffing are the two greatest costs in producing cannabis and this provides a means of reducing the cost per gram to grow each harvest.

The short hiatus in cultivation is also enabling the company to take advantage of current high electricity prices by freeing up output for greater supply to the grid.

However, the current power station needs an upgrade to ensure maximum output. The planned project with Vortex has been frustrated by poor economic conditions limiting their access to the funding needed. We are now looking at alternative means of funding this.

Further, the current restrictions regarding water volume need to be reviewed. The current river limits restrict the time the station can be generating and means we cannot generate all year round. This is underway at present and if successful will mean the power station can be used more consistently throughout the year to supplement national grid requirements and generate income for the company. This year has highlighted how important a small plant can be when there are low lake reserves for the national hydroelectric power stations.

Slide 16: Hemp Protein Isolate

The next twelve months will also be spent identifying opportunities to diversify the company's revenue streams and identify opportunities to complement the company's existing bioscience and health product business. A major area for development will be the hemp protein powder.

After more than two years of research with its partner Hemp Connect funded by Bio Resource Processing Alliance grants, the joint venture has developed a near-market-ready water soluble high-protein isolate. If successful this could be a world first with significant upside for the company. It is intended that this product will undergo scalability trials in a commercial setting at The FoodBowl in Auckland and be market ready mid 2025.

Slide 17: Capital raise

All of these opportunities will however require significant expenditure that cannot be met from cash flow.

Accordingly the company will be looking to raise further capital in the coming months.

This will aim to support the evolution and expansion of the existing medical cannabis cultivation facilities, the commercialisation of its hemp protein IP and development of other bioscience and health product opportunities. **This will be only the second public capital raise for GFI.**

While the details are still being worked on, we are looking at a competitively priced rights issue to existing shareholders, with unsubscribed entitlements available to the wider market and a wholesale placement component. Further details will be available shortly but we are excited to be able to offer this opportunity and urge all shareholders to support the offer and realise the opportunities we have all worked hard to have available to us.

In summary:

It has been a long and difficult regulated pathway to navigate but maturity and growth opportunities are upon us.

Those that are well funded should thrive

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