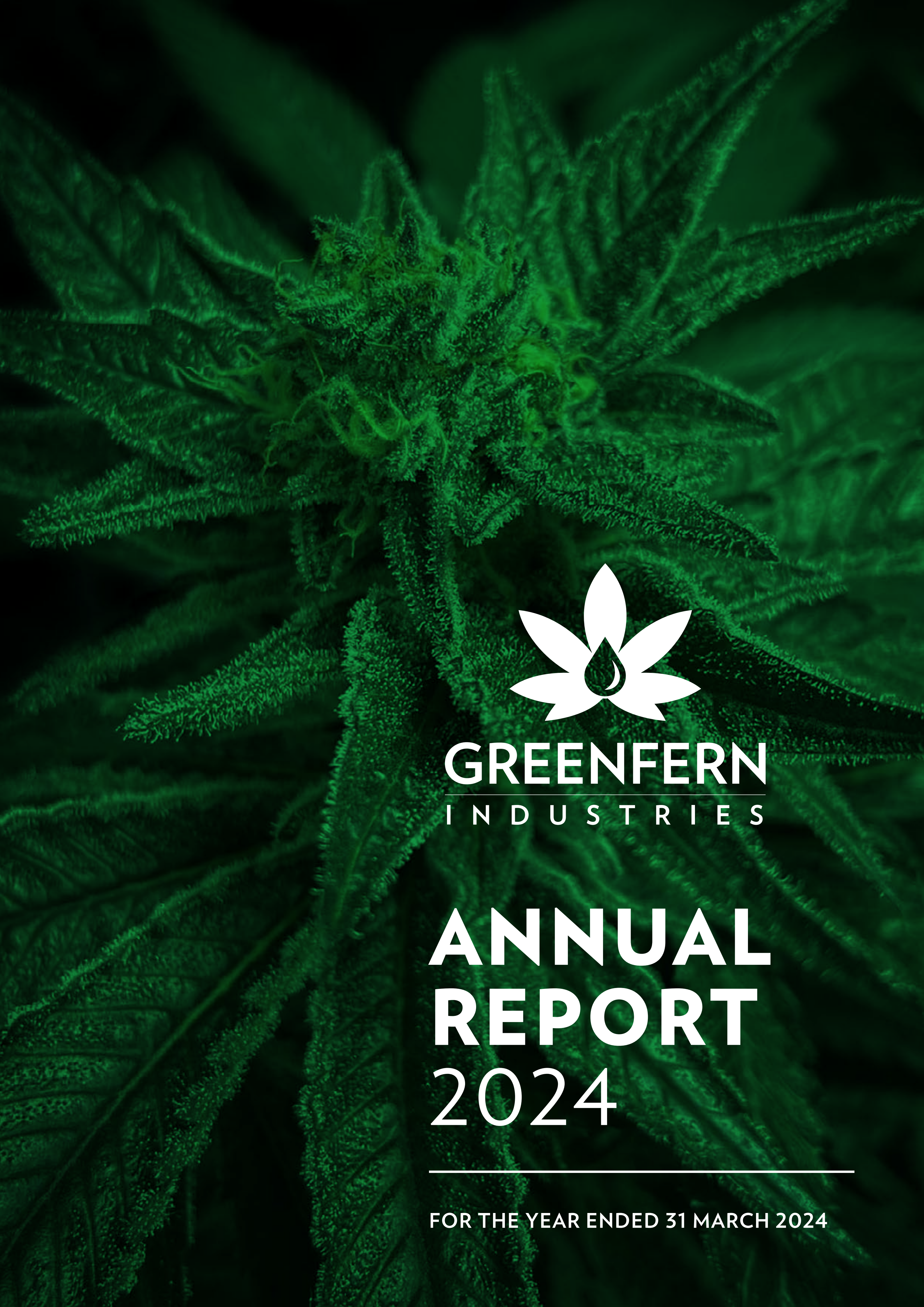

GREENFERN
INDUSTRIES

# ANNUAL REPORT 2024

FOR THE YEAR ENDED 31 MARCH 2024

GREENFERN
INDUSTRIES

# ANNUAL REPORT 2024

FOR THE YEAR ENDED
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Certified B Corporation

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# DIRECTORS PROFILES

Marvin Yee is the principal of Crown Financial Services (CFS) which undertakes Funds Management and Private Equity. Outside New Zealand, CFS has operations in the United States, Singapore and Australia. Marvin's area of expertise is in transactional banking and private equity. His investment experience includes technology, fintech, MedTech and the crafting of financial instruments.

He is also a partner of Crown Private, a global investment syndicate with investments in over 95 countries and investor members from over 18 countries.

Marvin sits on a number of company boards both in New Zealand, Australia, the United States, Malaysia and Singapore. A graduate from Auckland and Massey University, he has an MBA specialising in accounting and finance and a BA in politics. He is a Past Chairman of the New Zealand Young Professionals and a Past President of the Rotary Club of Birkenhead.

## MARVIN YEE

**CHAIRMAN OF THE BOARD**

## DANIEL CASEY

**MANAGING DIRECTOR**

Dan has a background as a project manager and civil engineer within the civil construction sector and has over 15 years industry experience, both in New Zealand and abroad. Dan is experienced in all facets of the project lifecycle of large-scale developments and capital works and has previously directly managed multiple and concurrent project portfolios up to the value of $30 million.

His passion and ability to lead large and diverse teams have seen him become a successful leader within a number of privately and publicly owned companies. He intends to leverage his networks and their expertise in the procurement, scheduling and delivery of all facility builds for Greenfern as well as driving the overall delivery of the long-term business strategies.

As Managing Director, Dan is ultimately responsible for the overall management of the business to ensure that it delivers on shareholder and client expectations.

Kirsten Taylor is an experienced company owner, CEO, specialist consultant, author, and Board Member of not-for-profit organisations. She is a qualified Medical Herbalist, Naturopath, Nutritionist and specialist in Natural Fertility and Homeobotanical medicine.

Seven years of clinical practice experience led Kirsten to develop an award-winning range of science-based sleep and stress formulations, with the company she created, SleepDrops International, becoming the top selling sleep category brand in New Zealand pharmacies and health stores and winner of multiple awards, including Best Emerging Business at the Westpac Business Awards in 2014.

In 2015, Kirsten was appointed to the board of the Auckland Business Chamber of Commerce and she became a trustee for the Auckland Children's Santa Parade Trust in 2017.

Kirsten's extensive experience of governance, business, marketing and product innovation enables her to bring a wealth of expertise to this role.

## KIRSTEN TAYLOR

**INDEPENDENT DIRECTOR**

## SIMON MCARLEY

**INDEPENDENT DIRECTOR**

Simon graduated from Victoria University, Wellington in 1984 with an LLB (Hons). Simon is a lawyer by training who specialises in corporate governance and risk. After almost 20 years in private practice with Kensington Swan, specialising in banking and securities law, Simon took up regulatory positions with NZX as acting Head of Regulation and the (then) Securities Commission as acting Director of Primary Markets.

Simon went on to join the Serious Fraud Office (SFO) as General Manager Capital Markets and Corporate Fraud in 2011 where he had responsibility for the successful investigation and prosecution of finance sector fraud uncovered by the GFC.

After 12 months as acting Director of the CFO, Simon left the SFO in 2013 and has since been consulting with government and private sector entities on governance and risk management issues. Simon has also held governance positions with commercial and not-for-profit entities. Simon is a member of the New Zealand Law Society.

Simon is also a keen sailor and has extensive coastal and blue water experience.

# DIRECTORS PROFILES

Elizabeth is an experienced clinician and senior manager. She is formerly Chief Medical Officer of EQALIS Pharmaceuticals Ltd (now Cannasouth), a position she held for 4 and a half years. In this role she was responsible for the delivery of education packages and clinical information to health professionals and consumers, as well as coordinating licences to operate through Medsafe.

She set up and worked closely with a group of senior clinicians on a Clinical Advisory Board for the company and has produced a series of prescribing publications and education presentations.

Elizabeth held various roles at Taranaki District Health Board over 20 years: Chief Pharmacist, Director of Medication Management and Pharmacy Portfolio Manager. She was the President of the NZ Pharmaceutical Society for 5 years and a Ministerial appointment to the National IT Board for 8 years.

## ELIZABETH PLANT

### INDEPENDENT DIRECTOR

# DIRECTORS' REPORT

To the Shareholders of
Greenfern Industries Ltd. NZ,

I am pleased to present the Director's Report for the financial year ending 31st March 2024. This report provides an overview of our company's performance, highlights our achievements, and outlines our strategic direction moving forward.

We have worked through some transitional growth and development changes in the last year in what is still an industry considered to be in its infancy here in New Zealand and more so globally. Unlike many others, we have managed to surpass the required minimum quality testing standards by navigating the arduous and technical regulations that form the medicinal cannabis scheme here in New Zealand. This has seen us, for the first time, export medicinal cannabis material offshore to the European Union, which is currently one of the largest markets globally, so for this fact alone we are proud of this achievement and will look to build on this.

## FINANCIAL PERFORMANCE

Despite the ongoing uncertainty in the global economic landscape, I am pleased to report that Greenfern Industries NZ has maintained its resilience and achieved progress in a number of areas during the period.

Our financial performance remained in line for an industry startup and generally in line with our original expectations. We have seen revenue growth commencing in our core cultivation business. We have sold a number of harvest batches post reporting date and continue to see solid demand for our premium, wholly indoor grown medicinal cannabis flower into the coming financial year and beyond.

In contrast our Australian partnership with Cannvalate has continued to wind down to the point that continued revenue from this relationship is unlikely. While our agreement with Cannvalate remains in place, they have continued to pivot in business model from a prescriber, doctor, and patient acquisition business to a Contract Research Organisation (CRO) in the medicinal cannabis and psychedelic research space, In addition the Australian company that manufactured our GFI Pharma branded medicines entered into administration prior to Christmas 2023. While we have been working to explore and secure alternative relationships within the Australian market, this has not yet been successful and has meant we have had to reign back and re-evaluate our position and focus in this area. However, Australia and the Australian market remain a key focus for growth of our business moving forward.

# DIRECTORS' REPORT

Accordingly, GFI's financial results in the past year declined, with a revenue of $0.3M, representing a decrease of 40% over the previous year. Our net loss after tax was $1.5 million, a 23% decrease compared to last year's net loss of $2 million which was an improvement and heading towards our breakeven goal in FY25 and profitability in FY26.

Generally prudent financial management and strategic decision making have not only sustained our operations in a difficult economic environment but also strengthened our future position. As we continue to successfully cultivate, harvest and sell medicinal cannabis harvests from our new facility to both local and international markets, we expect consistent growth and increased revenues in the next financial year as our business model normalises.

## OPERATIONAL HIGHLIGHTS

Throughout the year, we have focused on enhancing operational efficiency, optimising resource utilisation, and fostering innovation across our cultivation business which is our main focus moving forward.

### KEY OPERATIONAL HIGHLIGHTS INCLUDE:

**Expansion of Production Facilities:**

We successfully expanded our production facilities from our initial and small research facility to our new Stage 2, Control Union certified Good Agricultural and Collection Practices (GACP) multi room cultivation, drying and packaging facility. While we still consider this a stepping stone and a commercial proof of concept build, we are able to turn out 10-11 harvests per year with a forecast annual output of 350-450kg per annum. These metrics are dependent on which type of genetic is cultivated, of which we have numerous in house and are constantly running rigorous research to ensure we get the best from each genetic. We are currently harvesting a room every 35-40 days to meet growing demand for our products. This expansion has enabled us to increase our output capacity. At the time of this writing, we have sold our first 3 harvests via our preferred partner Amply Sciences and have the fourth packaged and awaiting testing results with the fifth dried and in the curing phase along with two crops mid and early cycle.

**Product Development and Innovation:**

Our commitment to innovation has led to the sourcing and development of new, high-quality genetics that cater to evolving consumer preferences and needs. We have invested in research and development to stay ahead of market trends and deliver innovative solutions to our customers.

**Research:**

In the past financial year, we have completed a two-year stability study for our Hemp seed oil/Cannabidiol (CBD) and manuka honey formulation trials with documented success and more recently have completed over two years of Bio Resource Processing Alliance (BPA) research grant studies with our partner and leading Hemp company Hemp Connect. We have achieved a near market ready and world first, water soluble high protein isolate derived from Hemp byproduct. We have worked closely with Callaghan Innovation through the BPA over the last two and half years to achieve this and we are now ready to scale production in a commercial setting before approaching the market. We will look to continue our research with other fractions of the byproducts of hemp processing over the next year or two.

**Strengthening Partnerships:**

We have forged strategic partnerships with key stakeholders, including suppliers, distributors, and industry experts, to enhance our market presence and drive sustainable growth. These partnerships have enabled us to access new markets such as Europe and grow our customer base.

**Sustainability Initiatives:**

As part of our corporate responsibility efforts, we have implemented various sustainability initiatives aimed at reducing our environmental footprint and promoting eco-friendly practices. We remain committed to operating in an environmentally responsible manner and contributing to the well-being of the communities in which we operate. We remain Toitū net zero carbon certified and a Bcorp certified business. We operate our cultivation facility with the use of our own hydro power station when resource consent for river levels allows and also investing in research to create high value-added products from hemp processing byproducts.

## OUTLOOK AND FUTURE DIRECTIONS:

Looking ahead, we are optimistic about the future prospects of Greenfern Industries. Despite the ongoing challenges posed by the external environment, we remain confident in our ability to navigate through uncertainties and capitalise on emerging opportunities that present themselves often.

## OUR STRATEGIC PRIORITIES FOR THE UPCOMING YEAR INCLUDE:

**Market Expansion:**

We will continue to focus on expanding our market presence both domestically and internationally with the European Union and Australia being key to this strategy. Through strategic partnerships, we aim to penetrate new markets and increase our market share. We plan to expand into the larger Australian market in the next 12-24 months and are currently in discussion with strategic and established partners in this jurisdiction. Having these partnerships solidified will be key to our future expansion at our current facility.

We recently undertook a GMP (Good Manufacturing Practice) gap analysis. This report will allow us to make a better informed decision in the next 12-18 months in regards to implementing GMP to our current facility. While there is a cost to this exercise it would also create a better price point for the sale of our cannabis flower and open up new market opportunities.

**Innovation and Product Development:**

Innovation remains at the core of our business strategy. We will continue to invest in research and development to create innovative products that address the evolving needs of our customers and differentiate us from competitors. With the opening of our new commercial facility we now have a research dedicated space where we can work on new cultivation techniques and improving existing genetics to better suit the current and future markets. Improving the yield, terpene and THC levels in specific genetics is a key performance indicator to our future growth strategy.

With our soluble Hemp Protein Isolate created through our research with the Bio Resource Processing Alliance (BPA) we are now in planning for booking scalability trials in a commercial setting at the Food-bowl in Auckland. The outcomes of these trials we will determine our strategic direction for finalising branding, packaging and manufacturing with our joint venture partner Hemp Connect.

**Operational Excellence:**

We are committed to enhancing operational efficiency and productivity across all aspects of our business. By streamlining processes and optimising resource allocation, we aim to drive cost savings and improve overall profitability. As we achieve this, we will look to expand our cultivation footprint at our current facility site while undertaking feasibility initiatives for exploring future expansions nearby.

We have had reliability issues with our hydro power generator in the last 12 months and have addressed these issues by upgrading some of the aging equipment and by refurbishment of the generator unit itself. When river level consents allow, we generate electricity which in turn offsets part of the cost of powering the new facility thus improving our margins for cultivating medicinal cannabis indoors as a key performance indicator

**Sustainability and Corporate Responsibility:**

Our commitment to sustainability and corporate responsibility will remain unwavering. We have continued to implement sustainability initiatives aimed at reducing our environmental impact, promoting social responsibility, and creating long-term value for our stakeholders. we remain involved with our local hapu and iwi in our decision making and bring them along on the growth journey of our facility in Normanby Taranaki.

**In conclusion**, I would like to express my gratitude to our shareholders, employees, customers, and partners for their unwavering support and dedication. Together, we have achieved significant milestones in what is considered a complex industry, and I am confident that with our collective efforts, we will continue to thrive in the years to come. The relaxation of the Medicinal cannabis schemes regulations is set for review by the coalition ministers in the coming months and these regulation changes will only make it easier for Greenfern to compete and operate on the world stage and will be a welcome change.

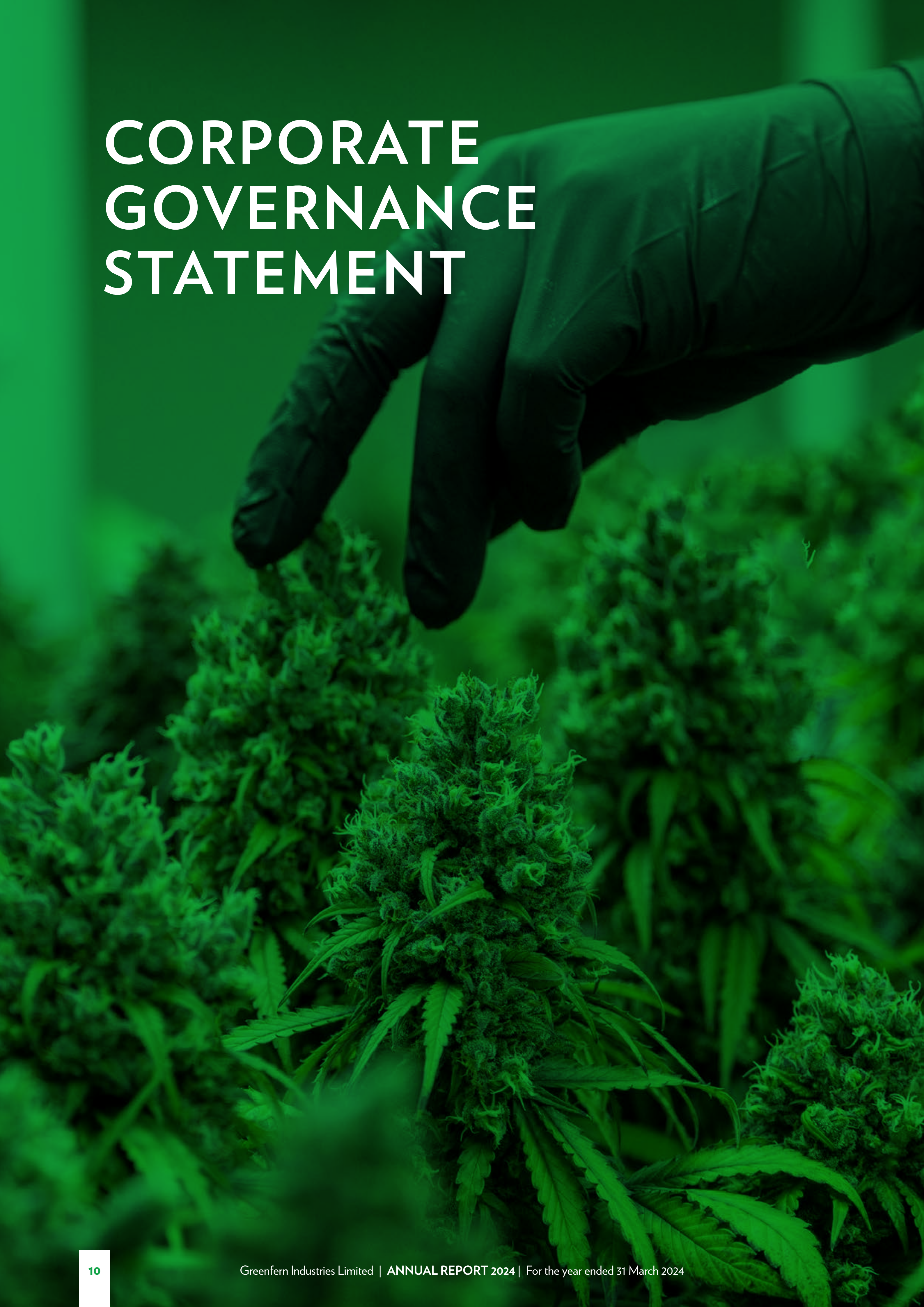
I truly believe that 2024 will be a transitional year for both us and the Industry as we mature and grow with the global demands and emerging markets.

On behalf of the Board of Directors

**Marvin Yee**
Chairman

**Daniel John Casey**
Managing Director

# CORPORATE GOVERNANCE STATEMENT



The Board of Directors ("the Board") and management of Greenfern Industries Limited ("GFI") recognise the need for strong corporate governance practices and have adopted a comprehensive corporate governance code. The Board believes that the corporate governance structures and practices encourage the creation of value for GFI shareholders whilst ensuring the highest standards of ethical conduct and providing accountability and control systems commensurate with the risks involved.

GFI was listed on NZX main board equity security market on 21 October 2021. The Board regularly reviews and assesses GFI's governance structures to ensure that they are consistent, both in form and in substance, with best practices. GFI is however in a startup phase for its business and has extremely limited management personnel and resources. The application of these resources needs to be balanced between establishing a financially sustainable business and finalising formal governance structures. In the year to March 31 2024 the board is yet to comply fully with all the recommendations of the NZX corporate governance code NZX rules.

The Governance Code contains eight (8) principles and various recommendations for each principle. The Board has reported on GFI's compliance with each of the recommendations below. The information in this report is current as of the date of this report and has been approved by the Board.

The NZX Corporate Governance Code can be found on the NZX Website at: [www.nzx.com/regulation/nzx-rules-guidance/corporate-governance-code](www.nzx.com/regulation/nzx-rules-guidance/corporate-governance-code).

## PRINCIPLE 1 – CODE OF ETHICAL BEHAVIOUR

"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."

### Recommendation 1.1

**The board should document minimum standards of ethical behaviour to which the issuer's directors and employees are expected to adhere (a code of ethics).**

**The code of ethics and where to find it should be communicated to the issuer's employees. Training should be provided regularly. The standards may be contained in a single policy document or more than one policy.**

**The code of ethics should outline internal reporting procedures for any breach of ethics and describe the issuer's expectations about behaviour, namely that every director and employee:**

**(a) acts honestly and with personal integrity in all actions;**

**(b) declares conflicts of interest and proactively advises of any potential conflicts;**

**(c) undertakes proper receipt and use of corporate information, assets and property;**

**(d) in the case of directors, gives proper attention to the matters before them;**

**(e) acts honestly and in the best interests of the issuer, shareholders and stakeholders and as required by law;**

**(f) adheres to any procedures around giving and receiving gifts (for example, where gifts are given that are of value in order to influence employees and directors, such gifts should not be accepted);**

**(g) adheres to any procedures about whistle blowing (for example, where actions of a whistle blower have complied with the issuer's procedures, an issuer should protect and support them, whether or not action is taken); and**

**(h) manages breaches of the code**

#### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

The Board believes that ethical behaviour is important to good corporate governance and underpins the reputation of GFI. As such, the ethical principles that were applied by the board (and required of Management and employees) were in line with the recommendations above.

GFI has adopted a Code of Ethics that complies with the recommendation in full. Employees are required to read the code of ethics and the Code of Ethics has been published on GFI's website at [https://gfi.nz](https://gfi.nz).

### Recommendation 1.2

**An issuer should have a financial product dealing policy that extends to employees and directors.**

#### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

The Board had a Financial Product Dealing Policy in place for employees and directors during the year. This policy requires prior approval of all transactions in GFI's quoted securities and other restricted securities, specifies blackout periods for trading and defines prohibited trading.

## PRINCIPLE 2 – BOARD COMPOSITION & PERFORMANCE

"To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives."

Board members having a wide range of business, technical and financial background lead the Company. The Board believes it complies with the principle.

### Board Composition

The Board is responsible for the direction and control of GFI and is accountable to shareholders and others for GFI's performance and its compliance with applicable laws, regulations, and standards. GFI offers shareholders an experienced Board with skills across a number of industries and disciplines.

As at 31 March 2024, the Board comprised of the following directors:

| | |
|---|---|
| **Marvin Yee** | Independent (Chair) |
| **Simon McArley** | Independent |
| **Daniel Casey** | Managing Director |
| **Kirsten Taylor** | Independent |
| **Elizabeth Plant** | Independent |

All directors have been appointed under the provisions of GFI's constitution. No director has been appointed by an equity security holder under the Governing Document in the manner referred to in NZX listing rule 2.4.

Simon McArley, Kirsten Taylor, Marvin Yee and Elizabeth Plant are GFI's independent directors. GFI has considered the factors described in the NZX Corporate Governance Code that may impact director's independence before determining the independence of directors. None of the independent directors are involved in the day to day operation of the company. Refer to recommendation 2.4 regarding Marvin Yee and Kirsten Taylor's potential interest.

Refer to the Directors' Profiles section of this Annual Report for further details.

### Board Meetings

The Board met 9 times during the year, which enabled the Board to always be provided with accurate and timely information on all aspects of GFI's operations and to make informed decisions.

In addition, the Board meets whenever necessary to deal with specific matters needing attention between scheduled meetings, including a number of meetings to consider various opportunities. These meetings are not included in the numbers below.

| Board Members | Meetings Attended | Meetings Held |
|---|---|---|
| **Simon McArley** | 9 | 9 |
| **Kirsten Taylor** | 9 | 9 |
| **Marvin Yee** | 9 | 9 |
| **Daniel Casey** | 9 | 9 |
| **Philip Brown** (ceased 4 September 2023) | 5 | 5 |
| **Darryl Davies** (ceased 14 June 2023) | 0 | 1 |
| **Elizabeth Plant** (appointed 31 January 2024) | 2 | 2 |

### Gender Diversity

The gender balance of the GFI's Directors and officers was as follows:

| | as at 31 March 2024 | | as at 31 March 2023 | |
|---|---|---|---|---|
| | Directors | Officers | Directors | Officers |
| **Female** | 2 | 0 | 1 | 0 |
| **Male** | 3 | 3 | 5 | 4 |
| **Total** | 5 | 3 | 6 | 4 |

Dan Casey is both a director and an officer of the company, and is accordingly included in both categories.

The company has not adopted a formal diversity policy. It is accordingly not possible to provide an evaluation of performance against the policy. However the company has improved its diversity in the year to 31 March 2024 , with 40% of its directors being female.

## Recommendation 2.1

**The board of an issuer should operate under a written charter which sets out the roles and responsibilities of the board. The board charter should clearly distinguish and disclose the respective roles and responsibilities of the board and management.**

COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

The Board adopted a written Board Charter on listing. The Charter sets out the roles and responsibilities of the Board and Management and complies with the recommendation in full.

The Board Charter has been published on GFI's website at https://gfi.nz.

## Recommendation 2.2

**Every issuer should have a procedure for the nomination and appointment of directors to the board.**

COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

The company has not complied with the recommendation during the year to 31 March 2024. However, a draft procedure for Nomination and Appointment of Directors has been prepared and will be finalised as management resource becomes available to address this. The draft procedure complies with the recommendation and once the policy has been finalised and adopted, it will be published on GFI's website.

## Recommendation 2.3

**An issuer should enter into written agreements with each newly appointed director establishing the terms of their appointment.**

COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

GFI has entered into a written agreement with each director establishing the terms of their appointment. Elizabeth Plant was appointed as a director 31 January 2024.

## Recommendation 2.4

**Every issuer should disclose information about each director in its annual report or on its website, including:**

**(a) a profile of experience, length of service and ownership interests.**

**(b) the director's attendance at board meetings. and**

**(c) the boards assessment of the directors independence, including a description as to why the board has determined the director to be independent if one of the factors listed in table 2.4 applies to the director along with a description of the interest, relationship or position that triggers the application of the relevant factor.**

COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

All of the information detailed in the recommendation is included in the Annual Report and can be found in the Directors Profiles (pages 4-6), Corporate Governance (pages 10-20) shareholders and statutory information (pages 72-77).

Marvin Yee is associated with Crown Financial Services (CFS) which has advanced the company $515,900. Kirsten Taylor and parties associated with her have also advanced the company $300,000. These constitute a material business transaction for the company. At the time the board sought legal advice as to the independent status of the CFS advance. Based on this advice the board believe that the loans provided by Marvin and Kirsten do not constitute a material contractual relationship under NZX listing rules, and hence it would not materially interfere or might reasonably be seen to materially interfere with their capacity to bring independent judgment to bear and to act in the best interests of GFI.

## Recommendation 2.5

**An issuer should have a written diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them. An issuer within the S&P/NZX20 Index at the commencement of its reporting period should have a measurable objective for achieving gender diversity in relation to the composition of the board, that is to have not less than 30% of its directors being male, and not less than 30% of its directors being female, within a specified period. The issuer should disclose the policy or a summary of it.**

# CORPORATE GOVERNANCE STATEMENT

### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

The company has not complied with the recommendation during the year to 31 March 2023 as it has not yet formulated or adopted a formal written diversity policy. However, the Board recognises the wide-ranging benefits that diversity brings to an organisation. A draft of Diversity Policy has been prepared and will be finalised as management resource becomes available to address this. The draft complies with the recommendation and once the policy has been finalised, it will be published on GFI's website.

The gender composition of GFI's directors and officers is included above.

## Recommendation 2.6

**Directors should undertake appropriate training to remain current on how to best perform their duties as directors of an issuer.**

### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

The company has not complied with the recommendation during the year to 31 March 2024, as the board has not undertaken any training. However, the Board members understand their obligations as Directors of a publicly listed Company and plan to undertake training when necessary to remain current on how to best perform their duties. Board understand their obligations as Directors of a publicly listed Company. The Board plans to undertake training when necessary to remain current on how to best perform their duties.

## Recommendation 2.7

**The board should have a procedure to regularly assess director, board and committee performance.**

### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

Director and Board performance is considered crucial to the success of GFI and its subsidiaries. However, the company has not complied with the recommendation during the year to 31 March 2024 as GFI has no written assessment procedure in place. The Board however intends to establish a formal procedure for regular review of its performance and the performance of its members. This will include an assessment of whether the composition of the board is adequate and whether any training is needed for Directors.

A draft has been formulated but is awaiting availability of management resource to progress it. This document is expected to comply with the recommendation and once the policy has been finalised, it will be published on GFI's website.

## Recommendation 2.8

**A majority of the board should be independent directors.**

### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

4 of the 5 Directors of GFI have been identified as Independent Directors of GFI. GFI accordingly complies with the recommendation.

The Board considers that the current composition of the Board during the year was satisfactory to make decisions in the best interests of the Entity and its shareholders. Any directors who have an interest in a matter are unable to vote in relation to those matters unless permitted to do so under listing rule 2.10.2.

## Recommendation 2.9

**An issuer should have an independent chair of the board.**

### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

For the period to 31 October 2022, Philip Brown was chair of GFI and has been identified as being an independent Director. From 31 October 2022, Marvin Yee has been the Chair of GFI and has been identified as being an independent Director.

GFI accordingly has complied with the recommendation.

## Recommendation 2.10

**The chair and CEO should be different people.**

### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

Marvin Yee is the Chair of GFI and Dan Casey is the CEO/MD of GFI.

GFI accordingly has complied with the recommendation.

## PRINCIPLE 3 – BOARD COMMITTEES

"The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility."

### Recommendation 3.1

**An issuer's audit committee should operate under a written charter. Membership on the audit committee should be majority independent and comprise solely of non-executive directors of the issuer. The chair of the audit committee should be an independent director and not the chair of the board.**

#### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

The GFI Audit Committee has been established to focus on audit and risk management and specifically addresses responsibilities relative to financial reporting and regulatory conformance. A written charter was adopted for the Audit Committee on listing. The charter has been published on GFI's website at https://gfi.nz.

The Audit Committee is accountable for ensuring the performance and independence of the external auditors and makes recommendations to the Board.

The Audit Committee held 4 meetings during the year. The Audit Committee comprises the following members:

| | Meetings Attended | Meetings Held |
|---|---|---|
| **Simon McArley** (Chair of Audit Committee, Independent Director) | 4 | 4 |
| **Kirsten Taylor** (Independent Director) | 4 | 4 |
| **Marvin Yee** (Independent Director) | 4 | 4 |
| **Philip Brown** (Independent Director) | 2 | 4 |
| **Elizabeth Plant** (Independent Director) | 0 | 4 |

The audit committee responsibilities include the following:

1. Ensuring that processes are in place and monitoring those processes so that the board is properly and regularly informed and updated on corporate financial matters;
2. Recommending the appointment and removal of the independent auditor;
3. Meeting regularly to monitor and review the independent and internal auditing practices;
4. Having direct communication with and unrestricted access to the independent auditor and any internal auditors or accountants;
5. Reviewing the financial reports and advising all Directors whether they comply with the appropriate laws and regulations; and
6. Ensuring that the Key Audit Partner is changed at least every 5 years.

The Audit Committee comprises all independent directors. Simon McArley and Marvin Yee have a financial background in accordance with the requirements of NZX Listing Rule 2.13.2.

### Recommendation 3.2

**Employees should only attend audit committee meetings at the invitation of the audit committee.**

#### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

Non-committee members including employees only attended audit committee meetings at the invitation of the audit committee during the year.

### Recommendation 3.3

**An issuer should have a remuneration committee which operates under a written charter (unless this is carried out by the whole board). At least a majority of the remuneration committee should be independent directors. Management should only attend remuneration committee meetings at the invitation of the remuneration committee.**

#### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

Remuneration committee responsibilities were dealt with by the full Board during the year ended 31 March 2024.

## Recommendation 3.4

**An issuer should establish a nomination committee to recommend director appointments to the board (unless this is carried out by the whole board), which should operate under a written charter. At least a majority of the nomination committee should be independent directors.**

### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

Nomination committee responsibilities were dealt with by the full Board during the year ended 31 March 2024.

## Recommendation 3.5

**An issuer should consider whether it is appropriate to have any other board committees as standing board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.**

### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

During the previous financial year, the Board considered whether it was necessary to have any other board committees during the year. Given the limited size and scope of the company's business the board concluded that it was more appropriate for the Board to assume these responsibilities during the year to 31 March 2024.

## Recommendation 3.6

**The board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer including any communication between insiders and the bidder. It should disclose the scope of independent advisory reports to shareholders. These protocols should include the option of establishing an independent takeover committee, and the likely composition and implementation of an independent takeover committee.**

### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

The company has not complied with the recommendation during the year to 31 March 2024 as GFI has not yet established a formal written Takeover Response Procedure. However, GFI intends to do so as soon as management resources are available to do so. Once finalised, the procedure will be published on GFI's website.

# PRINCIPLE 4 – REPORTING AND DISCLOSURE

"The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

## Recommendation 4.1

**An issuer's board should have a written continuous disclosure policy.**

### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

GFI has a written Continuous Disclosure Policy that complies with the recommendation.

GFI's Board is committed to keeping investors and the market informed of all material information about GFI and its performance in line with the NZX listing rules and has done so throughout the period.

## Recommendation 4.2

**An issuer should make its code of ethics, board and committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website.**

### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

GFI's Code of Ethics, Board Charter, Audit Committee Charter, Financial Product Dealing Policy and Continuous Disclosure Policy are available on GFI's website at https://gfi.nz. GFI's governance policies and procedures are currently being formulated. Once the remaining governance policies have been finalised, they will be published to GFI's website.

## Recommendation 4.3

**Financial reporting should be balanced, clear and objective.**

### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

The Board is responsible for ensuring that the financial statements give a true and fair view of the financial position of the Group and have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and for ensuring all relevant financial reporting and accounting standards have been followed. For the financial year ended 31 March 2024, the Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of GFI and the Group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Managing Director and Chief Financial Officer have confirmed in writing to the Board that GFI's financial reports present a true and fair view in all material aspects and comply with all applicable legal and regulatory requirements and do not contain any misstatements including omissions.

In the past financial year, GFI has demonstrated steady performance in cultivating cannabis, driven by our core business model focused on sustainable cultivation practices and innovation in product development and our unique cultivation methodology and techniques.

Our strategic objectives of expanding market share within the NZ and international markets while maintaining high product quality and regulatory compliance remain central to our growth projections.

We are satisfied with our progress in achieving these objectives to date, evidenced by milestones and key performance indicators such as an increase in production volumes with 5 harvests to date, reaching our targeted output in kilograms and adhering to Medsafe's minimum quality standards required for export of high-quality cannabis yield as outlined in our key operational highlights in the Directors Report.

In terms of market penetration, we successfully expanded our distribution network to Germany as our first export back in March 2024 through our preferred partner Ampyl Sciences where the product is a non-irradiated New Zealand cultivated strain which will be made available to patients in the EU and UK.

GFI has sold several of its subsequent harvested batches to Ampyl Sciences as part of a multi-year supply agreement enhancing our reach locally and internationally. This new pathway to revenue and strategic objectives in our business model will provide consistent cash flow for the Taranaki company, which has ramped up production in its expanded cultivation facilities.

As our business model normalises with the focus on cultivating and expanding our market share locally and internationally (Australia and Europe), GFI reinforces the commitment to compliance and operational excellence and are dedicated to enhancing shareholder value through disciplined execution of our strategic objectives.

## Recommendation 4.4

**An issuer should provide non-financial disclosure at least annually, including considering material exposure to environmental, economic and social sustainability factors and practices. It should comprise how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward looking assessments, and align with key strategies and metrics monitored by the board.**

### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

The company has not complied with the recommendation during the year to 31 March 2024, as non-financial reporting and disclosure has not been provided. Due to its current size, GFI is in the early stages of considering how and to what extent it should report on non-financial information such as environmental, social and governance factors and practices (ESG). GFI does not currently have a formal ESG reporting framework. However, this is being considered by the Board with the intention that GFI will report on these non-financial matters in the future.

# PRINCIPLE 5 – REMUNERATION

"The remuneration of directors and executives should be transparent, fair and reasonable."

## Recommendation 5.1

**An issuer should have a remuneration policy for remuneration of directors. An issuer should recommend director remuneration to shareholders for approval in a transparent manner. Actual director remuneration should be clearly disclosed in the issuer's annual report.**

#### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

The Directors' remuneration package was approved by shareholders in 2021 prior to listing and no increase has been proposed since that approval. Director remuneration is disclosed in the Shareholder and Statutory Information section of this Annual Report.

### Recommendation 5.2

**An issuer should have a remuneration policy for remuneration of executives which outlines the relative weightings of remuneration components and relevant performance criteria.**

#### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

The company has not complied with the recommendation during the year to 31 March 2024 as it is yet to adopt a formal written Remuneration Policy.

The Board, however, determines the Managing Director and senior management remuneration having regard to the relative weighting of responsibilities and performance criteria. GFI plans to adopt a formal written Remuneration Policy to comply with the recommendation when management resources permit. Once adopted, the policy will be published on GFI's website.

### Recommendation 5.3

**An issuer should disclose the remuneration arrangements in place for the CEO in its annual report. This should include disclosure of the base salary, short term incentives and long-term incentives and the performance criteria used to determine performance-based payments.**

#### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

Information in relation to the remuneration arrangements in place for Daniel Casey (Managing Director) is included in the Shareholder and Statutory Information section of this Annual Report. Daniel Casey received a director fee of $30,000 and a salary of $130,261 in the period to 31 March 2024.

## PRINCIPLE 6 – RISK MANAGEMENT

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

### Recommendation 6.1

**An issuer should have a risk management framework for its business, and the issuer's board should receive and review regular reports. An issuer should report the business's material risks and how they are being managed.**

#### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

GFI and its subsidiaries are committed to proactively managing risk, and this has been the responsibility of the entire Board with the assistance of the Audit Committee during the period. The Board delegates day-to-day management of risks to the Managing Director.

Senior management is also responsible for the day-to-day monitoring of risk management systems. Senior management must report at each board meeting on risk management to identify material risks, the effectiveness of GFI's ongoing risk management activities and policies, and whether any remedial action is necessary in relation to risk management issues. The Managing Director summarises the top risks in his reports to the Board. The Company is continuously developing its framework to identify and manage existing and new risks. There were no material issues reported in the 2024 financial year.

However the company has identified the following material risks that could effect the business as follows;

1. Weather issues
2. Power outages
3. Fire risk to building facilities
4. Loss of plant stocks due to disease
5. Plants failing to meet required quality levels
6. Market price fluctuations for the final plant product

We have introduced the following to address and minimise the above risks

1. Cultivation is undertaken in a fully enclosed facility where we control the environment which eliminates this risk

2. Power outages are managed through the use of a back up generator
3. Fire risk is reduced through the use of Bondor X-flam building panels which are fire retardant. The building is also insured for fire damage
4. We use an Integrated pest Management Plan (IMP) which is implemented at all stages of the cultivation cycle
5. Constantly researching and sourcing new genetics to keep up with market and patient demands
6. Price fluctuations is covered by investigating opportunities in multiple markets for maximising price points

## Recommendation 6.2

**An issuer should disclose how it manages its health and safety risks and should report on its health and safety risks, performance and management.**

### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

The Board recognises that effective health and safety management is essential for a successful business's operation and endeavours to prevent harm and promote well-being for employees, contractors and customers.

GFI has engaged an external health and safety consultant to assess all the key risks and develop an action plan. With the help of the external consultant, risks were recorded in a risk register with assessment and mitigation factors and a Health and Safety Plan was produced. GFI utilises the mitigation factors and other tools/forms provided to address potential risks. GFI also provides each employee with a health and safety handbook, which improves their awareness of risks and actions that should be taken.

The board is reviewing the assessment and plan produced by management and seeks regular reports from management on the implementation of its action plan.

No health and safety incidents have been reported during the year ended
31 March 2024.

# PRINCIPLE 7 – AUDITORS

"The board should ensure the quality and independence of the external audit process."

## Recommendation 7.1

**The board should establish a framework for the issuer's relationship with its external auditors. This should include procedures:**

(a) **for sustaining communication with the issuer's external auditors;**

(b) **to ensure that the ability of the external auditors to carry out their statutory audit role is not impaired or could reasonably be perceived to be impaired;**

(c) **to address what, if any, services (whether by type or level) other than their statutory audit roles may be provided by the auditors to the issuer; and**

(d) **to provide for the monitoring and approval by the issuer's audit committee of any service provided by the external auditors to the issuer other than in their statutory audit role.**

### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

In accordance with GFI's Audit Committee Charter, the Audit Committee is responsible for oversight of and communication with the external auditor and reviewing the quality and cost of the audit undertaken by GFI's external auditor. The Audit Committee also assesses the auditor's independence on an annual basis. The Audit Committee Charter sets out the framework required by the recommendation.

Crowe completed the audit of the financial statements to the year ended 31 March 2023 during the year to 31 March 2024. Crowe did not provide any non-audit services. The amount paid to Crowe for audit services is identified in the notes to the financial statements.

During the period we had changed auditors from Crowe Australasia to A D Danieli Audit Pty Ltd. This was a mutual decision based on cost efficiency, risk management and the fact that having an Australian auditor would be advantageous since the company has had commercial interest in Australia and continues see future opportunity in this region.

For the financial year ended 31 March 2024, A D Danieli Audit Pty Ltd was GFI's external auditor. The statutory audit services are fully separated from non-audit services to ensure that appropriate independence is maintained. The amount of fees paid to A D Danieli Audit Pty Ltd for audit and other services are identified in the notes to the consolidated financial statements.

A D Danieli Audit Pty Ltd has provided the Board with written confirmation that, in their view, they were able to operate independently during the year.

# CORPORATE GOVERNANCE STATEMENT

## Recommendation 7.2

**The external auditor should attend the issuer's Annual Meeting to answer questions from shareholders in relation to the audit.**

### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

Crowe, GFI's external auditor for the financial year ended 31 March 2023, attended and the lead audit partner was available to answer questions from shareholders at, the 2023 annual meeting held on 29 September 2023.

A D Danieli Audit Pty Ltd has been invited to attend the 2024 annual meeting, and the lead audit partner is again expected to be available to answer questions from shareholders at that meeting.

## Recommendation 7.3

**Internal audit functions should be disclosed.**

### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

GFI did not have a dedicated internal auditor role during the period to 31 March 2024. Due to the limited size and scale of GFI's business, the Board and the Audit Committee oversee GFI's operation, and GFI and its subsidiaries have internal systems and controls in place for monitoring financial operations.

## PRINCIPLE 8 – SHAREHOLDER RIGHTS & RELATIONS

"The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

## Recommendation 8.1

**An issuer should have a website where investors and interested shareholders can access financial and operational information and key corporate governance information about the issuer.**

### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

Financial statements, NZX announcements, Directors' profiles, and key operational and governance information are available on the website at https://gfi.nz/.

## Recommendation 8.2

**An issuer should allow investors the ability to easily communicate with the issuer, including by designing its shareholder meeting arrangements to encourage shareholder participation and by providing shareholders the option to receive communications from the issuer electronically.**

### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

All shareholders are given the option to elect to receive electronic communications from GFI.

All shareholders were given prior notice of our Annual Shareholder Meeting so they could attend. The meeting was held in Auckland, which is the demographic of our largest proportion of shareholder populace. The meeting was recorded and posted on the company website as soon as was possible for those who were unable to attend.

## Recommendation 8.3

**Quoted equity security holders should have the right to vote on major decisions which may change the nature of the GFI in which they are invested in.**

### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

Shareholders are given the right to vote on all major decisions in line with the NZX Rules during the year ended 31 March 2024. No such approvals were sought in the year ending 31 March 2024.

## Recommendation 8.4

**If seeking additional equity capital, issuers of quoted equity securities should offer further equity security holders of the same class on a pro rata basis and on no less favourable terms before further equity securities are offered to other investors.**

### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

GFI did not comply during the year as GFI sought additional equity capital through a wholesale placement of 4,377,833 ordinary shares and 1,850,000 Unquoted "11/24" Options to wholesale investors without an offer to existing equity holders on the same terms. 3,700,000 Ordinary Shares were fully paid in cash and 677,833 Ordinary Shares issued as fully paid in payment of fees or other remuneration due to the recipient. No additional consideration was payable for the issue of the 1,850,000 "11/24" Options.

Other allotment of shares were made during the year being an issue of 629,646 ordinary shares to our CFO, through payment of fees and remuneration due to him.

In these circumstances, the Board did not believe it was practical or cost-effective to extend the offer to all existing shareholders.

In future capital raising activities, the Board will consider whether the likely outcome of and the cost of extending offers to all shareholders is in the best interest of the Company or its shareholders. It is likely that the most cost-effective means of raising further capital will be by way of wholesale placement rather than a regulated offer to all existing shareholders.

More information in relation to equity capital is included in note "Authorised and issued share capital" to the financial statements and the Statutory Information section of this Annual Report.

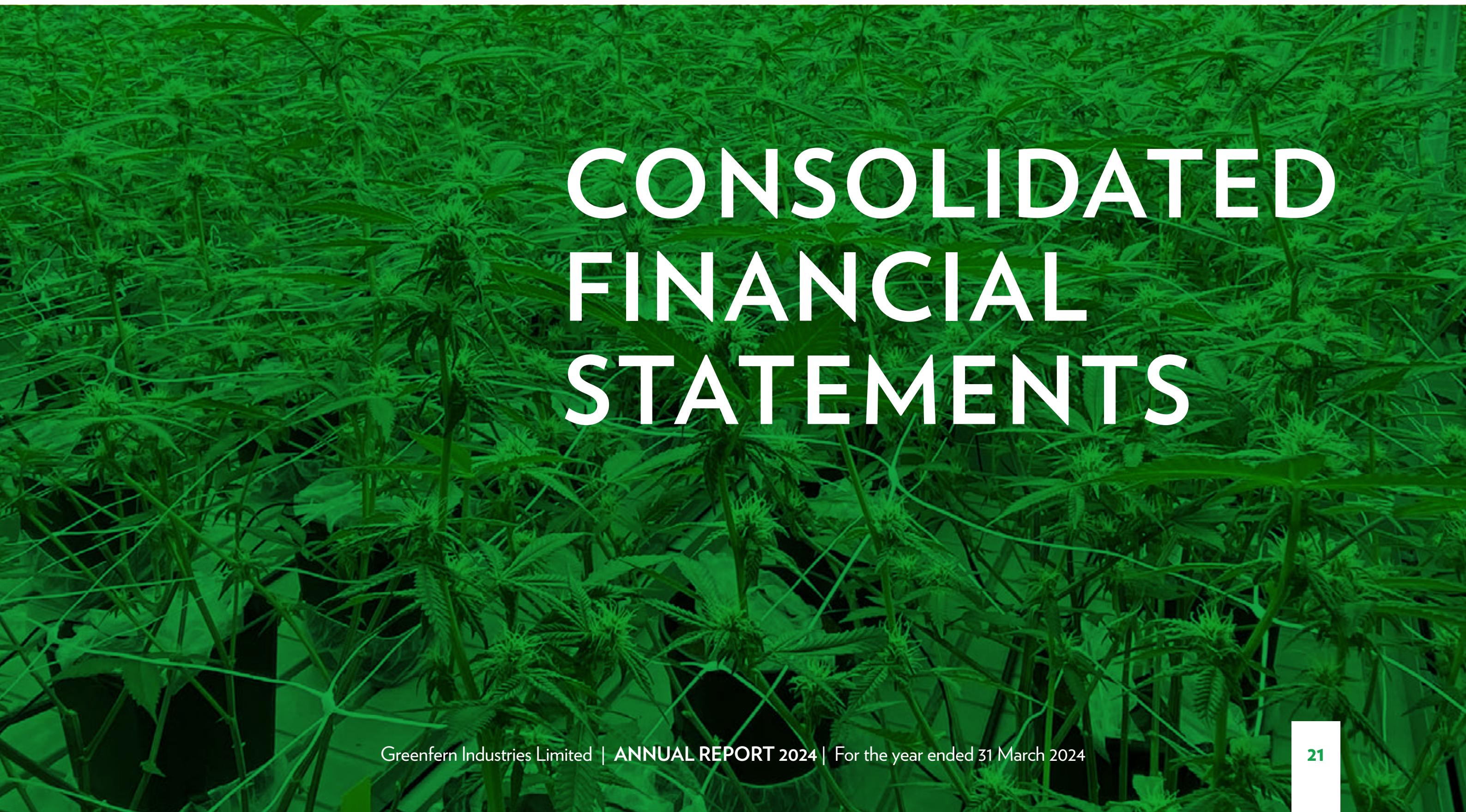
## Recommendation 8.5

**The board should ensure that the notices of annual or special meetings of quoted equity security holders is posted on the issuer's website as soon as possible and at least 20 working days prior to the meeting.**

### COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2024:

Notice of the 2023 annual meeting was delivered to shareholders on the 29 August 2023, which was 20 working days prior to the Annual Meeting.

The Board encourages shareholder participation in meetings and understands that shareholders need sufficient time to consider information prior to meetings. Future notices of Shareholder meetings are expected to be provided at least 20 working days prior to the meeting dates.



# CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 MARCH 2024

| | Notes | 2024<br>NZ$ | 2023<br>NZ$ |
|---|---|---|---|
| Operating Revenue | 2 | 327,894 | 550,876 |
| Cost of Sales | 3 | (97,592) | (63,511) |
| **Gross profit** | | **230,302** | **487,365** |
| Other Income | 2 | 49,677 | - |
| **Expenses** | | | |
| Selling and Distribution Expenses | 3 | (294,811) | (199,169) |
| Administration Expenses | 3 | (1,422,738) | (2,040,167) |
| | | **(1,717,549)** | **(2,239,336)** |
| **Operating loss** | | **(1,437,570)** | **(1,751,971)** |
| Finance Expense | 3 | (120,372) | (75,875) |
| Gain/(Loss) on Fixed Asset/Investment Disposal | | (14,764) | (39,831) |
| Movement in Fair Value of Financial Asset | 3 | - | (153,865) |
| | | **(135,136)** | **(269,571)** |
| **Loss before income tax** | | **(1,572,706)** | **(2,021,542)** |
| Income Tax Expense/(Benefit) | 4 | - | - |
| **Loss for the year** | | **(1,572,706)** | **(2,021,542)** |
| Other Comprehensive Income | | - | - |
| **TOTAL COMPREHENSIVE LOSS FOR THE YEAR** | | **(1,572,706)** | **(2,021,542)** |
| **Loss per share:** | | | |
| Basic and Diluted Earning per Share in NZ$ | 5 | (0.01399) | (0.02075) |

*The final financial statements are to be read in conjunction with the notes to the financial statements set out on pages 26 to 67.*

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 31 MARCH 2024

| | Notes | 2024<br>NZ$ | 2023<br>NZ$ |
|---|---|---|---|
| **SHAREHOLDERS EQUITY** | | | |
| Issued share capital | 6 | 10,546,012 | 10,309,704 |
| Options Reserve | 26 | 3,069 | - |
| Accumulated losses | | (8,618,425) | (7,045,719) |
| **Total equity attributable to shareholders of the company** | | **1,930,656** | **3,263,985** |
| *Represented by:* | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 7 | 185,808 | 922,607 |
| Trade and other receivables | 8 | 150,155 | 309,119 |
| Bartercard | 12 | - | 100,000 |
| Inventories | 10 | - | 24,271 |
| Biological Assets | | 24,355 | - |
| Other current assets | 9 | 60,247 | 464,615 |
| **Total current assets** | | **420,565** | **1,820,612** |
| **NON-CURRENT ASSETS** | | | |
| Other financial assets | 14 | 200 | 200 |
| Bartercard | 12 | 16,758 | 23,659 |
| Property, plant and equipment | 11 | 2,768,402 | 2,491,304 |
| Intangible assets | 13 | 9,499 | 10,554 |
| **Total non-current assets** | | **2,794,859** | **2,525,717** |
| **TOTAL ASSETS** | | **3,215,424** | **4,346,329** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 16 | 430,522 | 430,719 |
| Borrowings | 17 | 854,246 | 651,625 |
| **Total current liabilities** | | **1,284,768** | **1,082,344** |
| **TOTAL LIABILITIES** | | **1,284,768** | **1,082,344** |
| **NET ASSETS** | | **1,930,656** | **3,263,985** |

For and behalf of the Board, dated 18 June 2024

Director

Director

*The final financial statements are to be read in conjunction with the notes to the financial statements set out on pages 26 to 67.*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 MARCH 2024

| | Notes | Issued Share Capital NZ$ | Accumulated Loss NZ$ | Options Reserve NZ$ | Total NZ$ |
|---|---|---|---|---|---|
| **Balance as at 1 April 2022** | | **8,588,273** | **(5,024,177)** | **-** | **3,564,096** |
| **Comprehensive income** | | | | | |
| Net loss for the financial year | | - | (2,021,542) | - | (2,021,542) |
| Other comprehensive income | | | | | |
| **Total comprehensive income** | | **-** | **(2,021,542)** | **-** | **(2,021,542)** |
| **Transactions with owners and other transfers** | | | | | |
| Contributions of equity net of transaction costs | 6 | 1,721,431 | - | - | 1,721,431 |
| **Total transactions with owners** | | **1,721,431** | **-** | **-** | **1,721,431** |
| **BALANCE AS AT 31 MARCH 2023** | | **10,309,704** | **(7,045,719)** | **-** | **3,263,985** |
| **Comprehensive income** | | | | | |
| Net loss for the financial period | | - | (1,572,706) | - | (1,572,706) |
| Other comprehensive income | | | | | |
| **Total comprehensive income/(loss)** | | **-** | **(1,572,706)** | **-** | **(1,572,706)** |
| **Transactions with owners and other transfers** | | | | | |
| Contributions of equity net of transaction costs | 6 | 236,308 | - | (270) | 236,038 |
| Share-based payments | | | | 3,339 | 3,339 |
| **Total transactions with owners** | | **236,308** | **-** | **3,069** | **239,377** |
| **BALANCE AS AT 31 MARCH 2024** | | **10,546,012** | **(8,618,425)** | **3,069** | **1,930,656** |

*The final financial statements are to be read in conjunction with the notes to the financial statements set out on pages 26 to 67.*

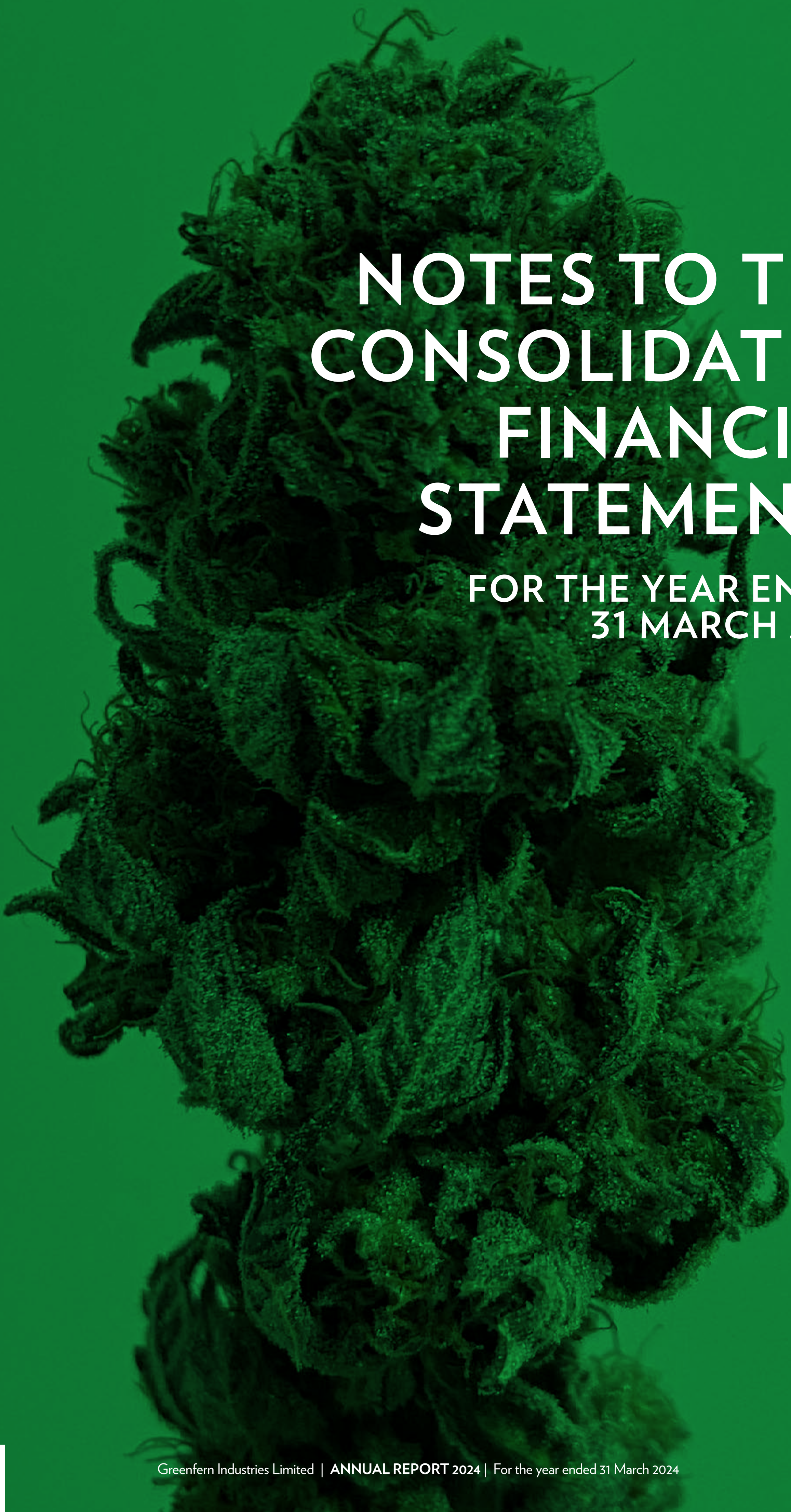
# CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 MARCH 2024

| | Notes | 2024<br>NZ$ | 2023<br>NZ$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| *Cash was received from:* | | | |
| Receipts from customers | | 486,857 | 280,671 |
| Other income received | 2 | 49,677 | - |
| *Cash was applied to:* | | | |
| Payments to suppliers and employees | | (1,075,879) | (1,654,873) |
| Interest paid | 3 | (49,992) | (5,496) |
| **Net cash outflow from operating activities** | **18** | **(589,338)** | **(1,379,698)** |
| **Cash flows from investing activities** | | | |
| *Cash was received from:* | | | |
| Proceeds from sale of financial and fixed assets | 14 | 3,471 | 12,406 |
| *Cash was applied to:* | | | |
| Purchase of property, plant and equipment | 11 | (532,527) | (655,909) |
| **Net cash outflow from investing activities** | | **(529,056)** | **(643,502)** |
| **Cash flows from financing activities** | | | |
| *Cash was received from:* | | | |
| Proceeds from share issue | | 192,500 | 1,847,084 |
| Proceeds from borrowings | | 302,621 | 651,625 |
| *Cash was applied to:* | | | |
| Payment for share issue transaction costs | | (13,526) | (371,511) |
| Repayment of Borrowings | | (100,000) | - |
| **Net cash inflow from financing activities** | | **381,595** | **2,127,199** |
| **Net increase/(decrease) in cash and cash equivalents** | | **(736,799)** | **103,998** |
| Foreign exchange currency translation on amounts due in foreign currency | | - | (30,752) |
| **Cash and cash equivalents at the beginning of the year** | | **922,607** | **849,361** |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | | **185,808** | **922,607** |

*The final financial statements are to be read in conjunction with the notes to the financial statements set out on pages 26 to 67.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2024



# 1. ACCOUNTING POLICIES

## REPORTING ENTITY

Greenfern Industries Limited (the "Company") is a company incorporated and domiciled in New Zealand and registered under the Companies Act 1993. The Company is listed and its ordinary shares are quoted on the NZX main board equity security market (NZX main market) and the addresses of its registered office and principal place of business are disclosed in the Corporate Information section of this report. The Company is an FMC Reporting Entity under the Financial Markets Conduct Act 2013 and its financial statements comply with the Companies Act 1993 and the Financial Markets Conduct Act 2013.

The consolidated financial statements of Greenfern Industries Limited for the year ended 31 March 2024 comprise the Company and its subsidiaries (together referred to as the "Group"). For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), the Group is a for-profit entity. As a listed company, the Group is considered a Tier One entity. The principal activity of the Group is a producer and licensor of therapeutic products.

### 1.1 STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with NZ GAAP. These consolidated financial statements comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit oriented entities.

The consolidated financial statements were approved and authorised for issue by the directors on the date of the directors' report. The directors are not able to amend the financial statements after issue.

### 1.2 BASIS OF PREPARATION

#### Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

#### Fair value measurement

For financial reporting purposes, 'fair value' is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

When estimating the fair value of an asset or liability, the entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to valuation techniques used to measure fair value are categorised into three levels according to the extent to which the inputs are observable as defined in note 15.

#### Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the Group's accounting policies. Those estimates and judgements significant to the financial report are disclosed below:

#### Current and non current classification

Assets and liabilities are presented in the statement of financial position based on current and non current classification. Assets and liabilities are classified as current if expected to be realised or due within 12 months after reporting date. All other assets and liabilities are classified non current.

#### Critical accounting judgments and key sources of estimation uncertainty

The Group prepares its consolidated financial statements in accordance with NZ IFRS, the application of which often requires judgements to be made by management when formulating the Group's financial position and results. In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Group should it later be determined that a different choice would be more appropriate.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in more detail below.

### Impairment of trade and other receivables

In determining the impairment of trade, other and related party receivables provision, the Group assesses the balances by applying the expected loss and forward looking approach under NZ IFRS 9. This assessment involves making estimates and judgements regarding the historical data and trends, factors such as economic conditions, external ratings, cash flow projections and other information available that impacts the customers of the Group. No impairment of trade and other receivables has been recognised in the 2024 year.

### Provision for Inventory

The Group's assessment of provisions for inventory obsolescence and net realisable value involves making estimates and judgements in relation to future selling prices. The Group considers a wide range of factors including historical data, current trends, recent sales data and product information from buyers as part of the process to determine the appropriate value of these provisions.

### Recognition of provision for deferred tax assets

The Group has not recognised a deferred tax asset on its statement of financial position as at reporting date. Significant judgement is required in determining if the utilisation of deferred assets is probable. The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest forecasts of future earnings of the Group. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

### Impairment of property, plant and equipment

In determining whether an item of property, plant and equipment is impaired, the Group applies NZ IAS 36 Impairment of Assets. This assessment involves the review of the carrying amount of its assets or cash-generating unit and if this exceeds the recoverable amount. This assessment involves estimating the value in use of an asset and estimating the future cash inflows and outflows to be derived from the continued use of the asset and its disposal and applying an appropriate discount rate to those future cash flows. No impairment of property, plant and equipment recognised in the 2024 year.

### Leases

The determination of lease term for some lease contracts in which the Group is a lessee, including whether the Company is reasonably certain to exercise lessee options. The determination of the incremental borrowing rate used to measure lease liabilities.

### Useful lives of property, plant & equipment

In determining the useful lives of the assets management considered the expected use of the asset, frequency of use, assets' condition (age, wear, and tear), and anticipated technical obsolescence. Majority of the property, plant and equipment is depreciated using the diminishing value method, with only a small portion of office equipment purchased prior to March 2021 using the straight line method. Management believes that office equipment is subject to less wear and tear and the portion of office equipment will not have a material impact on financial reporting.

### Going concern cash flow

In the preparation and evaluation of the cash flow projections over the next 18 month period (from sign off) which support the going concern assumption in note 1.6 the Board of Directors made various assumptions, including production capabilities of the indoor cultivation facilities. The Board also assumes that the Group will raise a further $1 million of new capital in the 2024 financial year as well as an extension to its existing facility with Crown Financial Services Limited and our Directors' Loan.

### Revenue

Principal versus agent considerations - Significant judgement is required in assessing whether the company is acting as a principal or as an agent. The company exercises judgement when assessing the nature of it's obligations, the terms of the contracts and assessing the different factors and circumstances. This involves the company evaluating whether the nature of its promise or obligation is a performance obligation to provide specificied products or to arrange for the products to be provided by the other party.

### Customer fulfilment costs

Judgement and estimates are required in evaluating costs that are included as contract costs, determining the method of amortisation and assessing the amount of amortisation that has occurred in the period.

## 1.3 NEW ACCOUNTING STANDARDS ADOPTED

No new standards, amendments to standards and interpretations to existing standards which are mandatory for the first time for year ended 31 March 2024 have been adopted by the Group.

## 1.4 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements are those of the consolidated entity ("the Group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The Group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entity to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Subsidiaries are consolidated from the date on which control is obtained by the Group and are de-recognised from the date that control ceases.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## 1.5 MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

The consolidated financial statements have been prepared on a going concern basis.

The Group is in its start-up phase, and the industry in which it operates in the New Zealand and Australian markets is still in its early stages. Throughout the year, the Group's primary objective was to cultivate medicinal cannabis products for mass production. As a result, the Group has reported a loss for the 2024 year of $1,572,706 (2023: loss of $2,021,542) and operating cash outflows for the 2024 year of $589,338 (2023: $1,379,698).

Borrowings of $515,900 are due to be repaid by August 2024. The Directors are in discussion with Crown Financial Services Limited for an extension. The Group has also obtained a Director loan of $300,000 during the 2024 year.

The Directors believe the going concern assumption is appropriate in light of the circumstances that, in their opinion, are likely to affect the Group for at least one year following the date the financial statements are approved.

During the year, the Group has made substantial progress in implementing its strategy. The Group achieved stringent minimum quality testing standards for its indoor grown premium cannabis flower, and the new cultivation facility commenced production in August 2023. The Group also has a binding offtake agreement for medicinal cannabis grown in the new facility. With commencement of production, the Group expects to launch its products into international and New Zealand markets and achieve financial sustainability before scaling further.

The Directors evaluated the following factors in determining that the Going Concern assumption was appropriate:

1. The Board of Directors has evaluated cash flow projections for the 18 months following the date on which the financial statements were signed and has a reasonable expectation that the Group has sufficient resources to continue operating for the foreseeable future.
2. As at 31 March 2024, the Group's Cash and Cash Equivalents balance was $185,808 (2023: $922,607), and its working capital was negative $864,203 (2023: positive $738,268).
3. Prepayments written off
4. As mentioned above, the completion of the new stage cultivation facility will bring a major revenue stream to the Group. The overall construction is complete and commercial amounts of crop are currently in cycle.
5. The Group anticipates a significant increase in revenue due to the opening of the cultivation facility. It has already exported one batch prior to FY24 end and has sold a number of harvest post balance date.
6. The Group raised approximately $0.17 million in equity through wholesale allocations of shares during the fiscal year ending on 31 March 2024. The management is confident in the fundraising activities for the upcoming fiscal year 2025 due to past fundraising successes. The Group will seek further capital of $1 million in FY 25.
7. Directors are confident that Crown Financial Services Limited borrowings can be extended for an additional 12 months.

Directors have also considered the impact of:

- not being able to raise capital
- not being able to extend borrowings
- and delays in initial production in the new cultivation facility

While deferring planned capital expenditure and reducing operating costs can mitigate the effects, in the event that the Group is impacted by the three issues noted above a material uncertainty would exist that may cast significant doubt on the ability of the Company to continue as a going concern, and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

However, the directors believe that the Company will be successful in the above matters and, on this basis, the Directors continue to adopt the going concern basis in preparing these financial statements.

Accordingly, these financial statements do not include an adjustment relating to the classification and recoverability of recorded assets amounts or the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

Accordingly, there is a material uncertainty around going concern, which heavily depends on a successful:

- capital raise
- borrowing extension
- continued production in the new cultivation facility.

## 1.6 FOREIGN CURRENCY

**Foreign Operations**

The financial statements of each entity within the consolidated entity is measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in New Zealand dollars which is the consolidated entity's functional and presentation currency. All amounts have been rounded to the nearest dollar, unless otherwise indicated.

**Foreign Currency Transactions**

Transactions entered into by Group entities in a currency other than their functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

Subsidiaries that have a functional currency different from the presentation currency of the Group are translated as follows:

- Assets and liabilities are translated at the closing rate on reporting date;
- Income and expenses are translated at actual exchange rates or average exchange rates for the period, where appropriate; and
- All resulting exchange differences on the settlement and retranslation of monetary items are recognised in the Group total comprehensive income.

## 1.7 GOODS AND SERVICES TAX ("GST")

Revenues, expenses and purchased assets are recognised net of the amount of GST. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

## 1.8 REVENUE

The Group generates revenue primarily from the sale of medicinal cannabis products, license fees and power generation.

The Group recognises revenue from contracts with customers when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service).

A performance obligation may be satisfied at a point in time or over time. For a performance obligation satisfied over time, the Group will select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. An entity will recognise revenue at a point in time (that is, when control transfers) for performance obligations that do not meet the criteria for recognition of revenue over time.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

**Sale of goods - Contracts with customers**

The Group is a producer, wholesaler and licenser of medicinal cannabis products. Revenue is measured at the fair value of the consideration received or receivable. The Group has determined that the performance obligation is satisfied at a point in time, and so will recognise the related revenue when the performance obligation is satisfied. Revenue from sale of goods is recognised when control of the products has transferred, which occurs upon delivery to the customer.

Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. There are historically low rates of return and no warranty terms are provided. No element of financing is deemed present as the sales are made with a credit term consistent with market practice.

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which the Group will be entitled in exchange for transferring the promised goods or services to a customer. An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. The Group includes in the transaction price some or all of an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur, when the uncertainty associated with the variable consideration is subsequently resolved.

The group has no current obligations for returns, refunds or other similar obligations.

A receivable is recognised when the ownership of goods has transferred upon delivery, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. As such, there are no resulting related contract assets or contract liabilities.

### License fees

License fees income is earned under the agreement with Cannvalate and relates to the white label products. Greenfern arranges for Cannvalate to manufacture and sell the white label products.

The company makes upfront payments to Cannvalate for the cost of manufacturing and selling the white label products in order to generate the License fees income. The company does not control the products provided by Cannvalate before the products are transferred to the customer. Cannvalate is the Principal in the transaction and the company is the agent.

As agent, Greenfern recognises revenue when the performance obligations are satisfied. The company recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the products to be provided by Cannvalate. The license fees income recognised is therefore the net amount of consideration that the company retains after paying Cannvalate for the cost of manufacturing and selling the products. The payments made to Cannvalate form part of the transaction price of license fees income.

Contract assets are recognised where the payments for the manufacturing and selling of the products are made to Cannvalate but the performance obligation under the contract has not yet been satisfied. Contracts Assets are amortised to the profit and loss statement as the performance obligations under the contract are satisfied and the products are supplied to customers.

In contrast our Australian partnership with Cannvalate has continued to wind down to the point that continued revenue from this relationship is unlikely.

### Electricity generation revenue

The company generates and sells energy into the wholesale markets when river level consents allow. The company has come into cooperation with one of the industry retailers. Once electricity is generated, it is transferred to the retailer's network. This revenue is affected by the quantity of generation and the wholesale spot price and revenue is recognised at the point in time of supply.

### Government grant

Government grants are recognised when there is reasonable certainty that the grant will be received and all grant conditions are met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to depreciable assets are credited to deferred income and are recognised in profit or loss over the period and in the proportions in which depreciation expense on those assets is recognised.

## 1.9 INCOME TAX

Taxation expense comprises both current and deferred tax.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Income tax is recognised in the Income Statement except when it relates to items that are recognised directly under other comprehensive income, in which case the income tax is recognised in other comprehensive income.

Deferred tax is accounted for using the balance sheet method, providing for temporary differences between the carrying values of assets and liabilities in the financial statements and the corresponding tax base of these items. Deferred tax is determined using tax rates and regulations enacted at the balance sheet date in New Zealand, which is the jurisdiction where the Group operates and generates taxable income.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

## 1.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

## 1.11 INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

## 1.12 BIOLOGICAL ASSETS

The group's biological assets consist of the medicinal cannabis growth accounted for in accordance with NZ IAS 41: Agriculture. The group measures the biological assets at fair value less costs to sell up to the point of harvest, which becomes the basis for the cost of finished goods within inventories. Where biological assets cannot be reliably measured at fair value during the in-process (growth) stage, the biological asset is measured at its cost less any accumulated depreciation and accumulated impairment losses.

Once the fair value becomes reliably measurable (deemed to be the point of harvest), the group measures the biological assets at their fair value less costs to sell. Fair value is determined based on future cash flows of the in- process biological assets less costs to complete. Cost to sell include post-harvest production, shipping and fulfilment costs.

## 1.13 FINANCIAL INSTRUMENTS

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

### FINANCIAL ASSETS

**Classification of financial assets**

Financial assets are subsequently measured in their entirety subject to their classification. The Group classifies its financial assets in the following categories:

(a) financial assets at fair value through profit or loss

(b) measured at amortised cost

The classification depends on the Group business model for managing the financial assets and the contractual terms of the cash flows. The Group measures all equity investments at fair value. Dividends from these investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

**Amortised cost**

The group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within the Group's business model with the objective of collecting the contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

These assets are subsequently measured at amortised cost using the effective interest method.

The group measures debt assets at amortised cost as the Group holds the financial assets for the collection of the contractual cash flows, and the contractual cash flows under the instrument solely represent payments of principal and interest.

Trade and other receivables are amounts due from customers in the ordinary course of business. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore subsequently measures them at amortised cost using the effective interest method.

**Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

### FINANCIAL LIABILITIES

**Financial liabilities at amortised cost**

Trade and other payables and borrowings are initially measured at fair value less transaction costs and subsequently carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

**Other financial liabilities**

Other financial liabilities, including related party payables and other borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

## 1.14 PROPERTY, PLANT AND EQUIPMENT

**Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

**Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit and loss component of the consolidated statement of comprehensive income as incurred.

**Depreciation**

Depreciation is recognised in the consolidated statement of comprehensive income to write off the cost of an item of property, plant and equipment over its expected useful life, at the following rates:

| Asset Class | Depreciation Rate | Useful Life |
|---|---|---|
| Assets Under Construction | 0% Not Depreciated | |
| Plant & Equipment | 13.5% - 67% Diminishing Value<br>7% Straight Line | 3 - 15 years |
| Facility Taranaki | 2% - 67% Diminishing Value | 3 - 66 years |
| Power Station | 2% - 40% Diminishing Value | 3 - 66 years |
| Motor Vehicle | 30% Diminishing Value | 2 years |

The diminishing value depreciation method results in a decreasing depreciation charge over the useful life of the asset.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The useful lives and residual values are reviewed annually.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the profit and loss component of the consolidated statement of comprehensive income.

Assets under construction consist of work in progress relating to the Power Station. The company has not depreciated items included under this asset category during the 2024 year. Items under assets under construction are measured at cost.

## 1.15 INTANGIBLE ASSETS

Intangible assets comprise of the trademark and the graphic design of the products brand. Intangible assets are recognised in the statement of financial position at cost less accumulated amortisation and impairment. Trademarks and brand graphic design assets are carried at cost less any accumulated amortisation and impairment losses. These are amortised over 10 years and tested annually for any impairment.

## 1.16 EXPENDITURE ON RESEARCH AND DEVELOPMENT ACTIVITIES

Expenditure on research and development activities is recognised as an expense when incurred.

Development costs are capitalised when the Group can demonstrate all of the following: the technical feasibility of completing the asset so that it will be available for use or sale; the intention to complete the asset and use or sell it; the ability to use or sell the asset; how the asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and the ability to measure reliably the expenditure attributable to the asset during its development.

Capitalised development costs are amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to capitalised development costs is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, capitalised development costs are measured at cost, less accumulated amortisation and any accumulated impairment losses.

## 1.17 IMPAIRMENT OF ASSETS

### Financial assets

For trade and other receivables, the group applies the NZ IFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The Group also considers other forward looking economic factors in determining the impairment of trade, other and related party receivables.

When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Financial assets are impaired where there is objective evidence, that as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loan and trade receivables where the carrying amount is reduced through the use of an allowance account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### Non-financial assets

At each reporting date the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such impairment exists, the recoverable amount of the asset is estimated to establish the impairment loss, if any. Intangible assets tested for impairment annually and whenever there is an indication that the asset may be impaired an adjustment is made and is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying value is reduced to the recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

All impairment losses are immediately recognised through profit and loss.

## 1.18 INVESTMENTS IN ASSOCIATES

An associate is an entity over which the Group is able to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group's interests in associates are accounted for using the equity method after initially being recognised at cost. Under the equity method, the Group's share of the profits or losses of the associate is recognised in the Group's profit or loss and the Group's share of other comprehensive income items is recognised in the Group's other comprehensive income.

Unrealised gains and losses on transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate.

## 1.19 EMPLOYEE BENEFITS

### Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the consolidated statement of financial position.

**Long-term employee benefit obligations**

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the consolidated statement of financial position.

## 1.20 EQUITY

Share capital is classified as equity when the amount represents a residual interest. Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognised as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

## 1.21 LEASES

**The Group as a lessee**

### RIGHT-OF-USE ASSETS

A right-of-use asset is recognised at the commencement date of a lease. The right of use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

### LEASE LIABILITIES

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on and index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in the index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

The group has leases that are short term leases or leases for which the underlying asset is of low value. The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred. The group has no other leases that need to be accounted for by recognising a right-of-use asset and a lease liability.

### 1.22 EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

### 1.23 CASH FLOWS

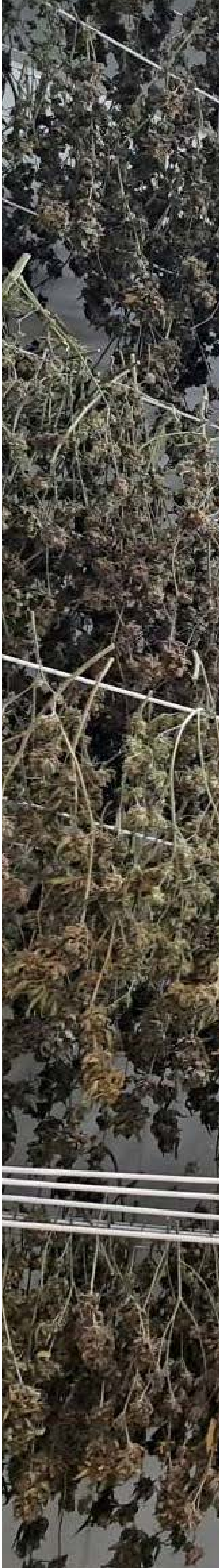
The following are the definitions used in the consolidated statement of cash flows:

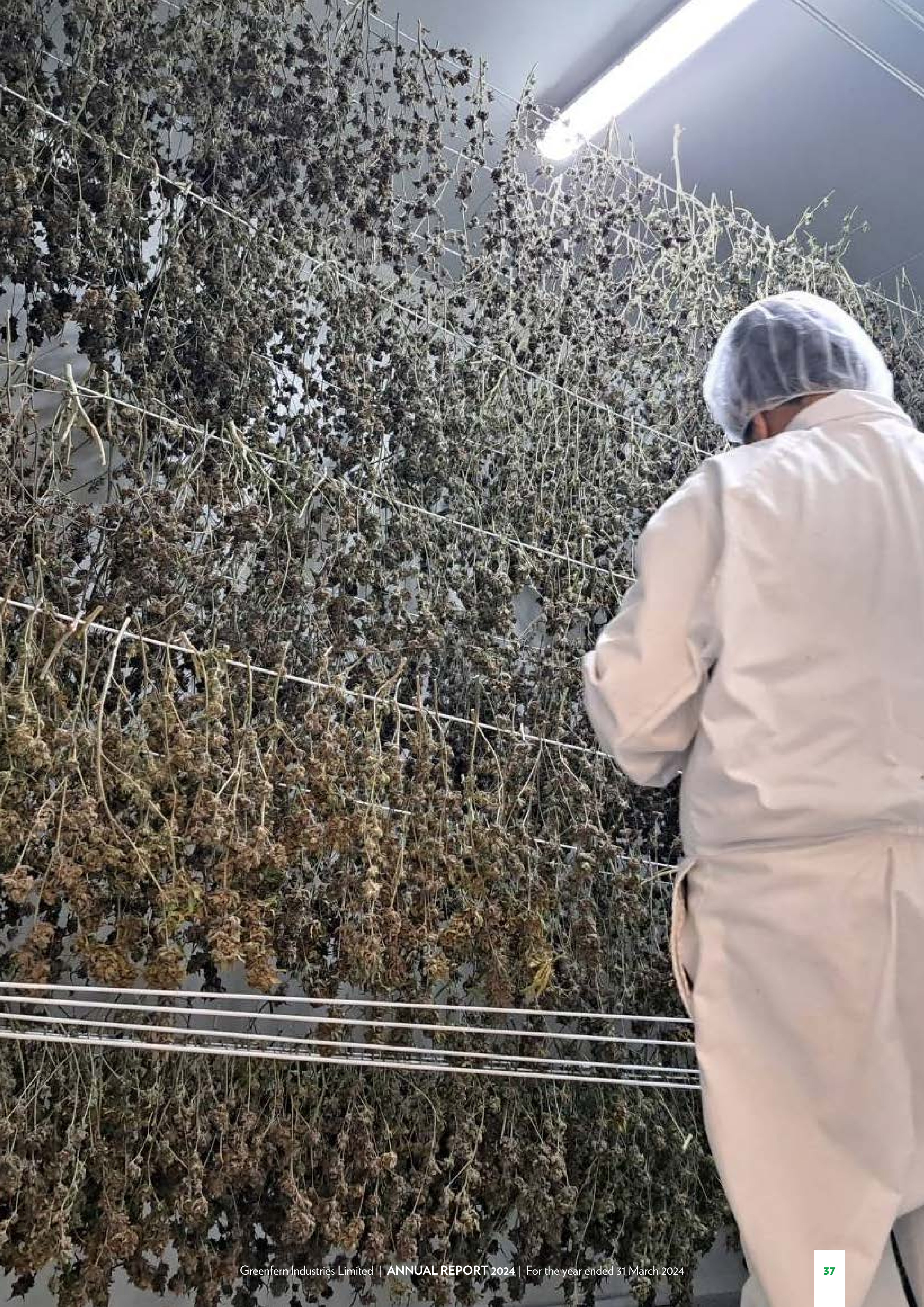
Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Operating activities are the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.

Investing activities are the acquisition and disposal of long-term assets not included in cash and cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the Group.





## 2. REVENUE

| | Note | 2024<br>$ | 2023<br>$ |
|---|---|---|---|
| **Operating revenue - at point in time** | | | |
| Sales - Hemp Meal | | 7,859 | 39,355 |
| Sales - Hemp Products | | 5,806 | 6,185 |
| Sales - Licensed Fees | 18 | 244,130 | 473,535 |
| Sales - Electricity | | 2,842 | 31,188 |
| Other Income | | 67,257 | 613 |
| **Total operating revenue** | | **327,894** | **550,876** |
| **Other income** | | | |
| Interest Income | | 847 | - |
| Research and Development Government Grant | | 48,830 | - |
| **Total other income** | | **49,677** | **-** |
| **TOTAL REVENUE** | | **377,571** | **550,876** |

### Performance Obligations and Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue from contracts with customers when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service).

License fees revenue is recorded net of the payments made to Cannvalate for the cost of producing and manufacturing the products.

| | Note | 2024<br>$ | 2023<br>$ |
|---|---|---|---|
| **Sales - Licensed fees** | | | |
| Gross customer fees | 19 | 383,935 | 922,130 |
| Amortised customer costs of fulfilment | 19 | -139,805 | -448,595 |
| **Total revenue** | | **244,130** | **473,535** |

## Operating revenue - Geographical locations

Operating revenue is attributed to the following geographical locations on the basis of the country the customer is trading in:

| | Sales of Goods - at point in time NZ$ | Sale of License Fees - at point in time NZ$ | Sales of Electricity - at point in time NZ$ | Total NZ$ |
|---|---|---|---|---|
| **31 March 2024** | | | | |
| Australia | - | 244,130 | - | 244,130 |
| New Zealand | 80,921 | - | 2,842 | 83,764 |
| **OPERATING REVENUE** | **80,921** | **244,130** | **2,842** | **327,894** |

| | Sales of Goods - at point in time NZ$ | Sale of License Fees - at point in time NZ$ | Sales of Electricity - at point in time NZ$ | Total NZ$ |
|---|---|---|---|---|
| **31 March 2023** | | | | |
| Australia | - | 473,535 | - | 473,535 |
| New Zealand | 46,153 | - | 31,188 | 77,341 |
| **OPERATING REVENUE** | **46,153** | **473,535** | **31,188** | **550,876** |

## 3. EXPENSES

| | Note | 2024 NZ$ | 2023 NZ$ |
|---|---|---|---|
| **Included in Cost of Sales** | | | |
| Purchases - Hemp Meal | | 7,155 | 40,871 |
| Direct Costs/Purchases - Hemp Products | | 606 | 5,947 |
| Direct Costs - Electricity Network | | 20,880 | 16,692 |
| Indoor Cultivation | | 68,951 | |
| **Included in Selling and Distribution Expenses** | | | |
| Commissions/Incentives (Shared based payments) | 26 | - | 150,000 |
| **Included in Administration Expenses** | | | |
| Amortisation of Intangible Assets | 13 | 1,055 | 1,173 |
| Depreciation - Property, Plant and Equipment | 11 | 251,958 | 118,658 |
| Direct Listing Fees | | - | - |
| Directors Fees | 19 | 165,723 | 217,500 |
| Rent | 25 | 24,657 | 36,789 |
| Research and Development Expenses | | 102,903 | 352,212 |
| Salaries | | 465,051 | 599,554 |

Share based payments included in above are disclosed at Note 26

| | Note | 2024 NZ$ | 2023 NZ$ |
|---|---|---|---|
| **Auditors' Remuneration** | | | |
| Crowe New Zealand Audit Partnership | | - | 97,436 |
| A D Danieli Audit Pty Ltd | | 53,250 | - |
| **Finance Costs** | | | |
| Interest Expense | | 120,372 | 75,875 |
| **Fair Value Revaluation** | | | |
| Fair Value (Gain)/Loss on Other Financial Assets | 15 | - | 153,865 |

The auditors of the financial statements for 2024 were A D Danieli Audit Pty Ltd (2023: Crowe New Zealand Audit Partnership).

# 4. INCOME TAX EXPENSE

## 4.1. COMPONENTS OF INCOME TAX EXPENSE

| | 2024 NZ$ | 2023 NZ$ |
|---|---|---|
| Current year income tax charge | - | - |
| Deferred tax movements | - | - |
| **INCOME TAX EXPENSE** | - | - |
| **Reconciliation of effective tax rate** | | |
| Profit/(loss) before income tax | (1,572,706) | (2,021,542) |
| Income tax expense/(benefit) calculated at 28% | **(440,358)** | **(566,032)** |
| Expected income expense/(benefit) | **(440,358)** | **(566,032)** |
| **Adjustments** | | |
| Non deductible expenses | 1,301 | 45,466 |
| Non taxable income | - | - |
| Deferred tax movements relating to origination and reversal of temporary differences including adjustments to deferred tax | (15,659) | 17,222 |
| Losses not recognised and carried forward | 454,716 | 503,344 |
| **INCOME TAX EXPENSE** | - | - |

The tax rate used for the reconciliation above is the corporate tax rate of 28% (2022: 28%) payable by New Zealand corporate entities on taxable profits under New Zealand tax law.

## 4.2 DEFERRED TAX ASSETS AND LIABILITIES

| | 2024 NZ$ | 2023 NZ$ |
|---|---|---|
| Deferred tax assets/(liabilities) arising from the following: | | |
| Unused tax losses | 2,138,176 | 1,683,460 |
| Provisions and accruals | 25,394 | 41,053 |
| Deferred tax not recognised | (2,163,570) | (1,724,513) |
| **DEFERRED TAX ASSETS AS AT 31 MARCH** | - | - |

### Deferred tax assets and liabilities

| | Opening Balance 1 April NZ$ | Movements NZ$ | Balance as at 31 March NZ$ |
|---|---|---|---|
| **31 March 2023** | | | |
| Unused tax losses | 1,180,117 | 503,343 | **1,683,460** |
| Provisions and accruals | 23,831 | 17,222 | **41,053** |
| Deferred tax not recognised | (1,203,948) | (520,565) | **(1,724,513)** |
| | - | - | - |
| **31 March 2024** | | | |
| Unused tax losses | 1,683,460 | 454,716 | **2,138,176** |
| Provisions and accruals | 41,053 | (15,659) | **25,394** |
| Deferred tax not recognised | (1,724,513) | (439,057) | **(2,163,570)** |
| | - | - | - |

The above amounts are tax effected balances. Obtaining the benefits of the deferred tax assets is dependent upon deriving sufficient assessable income. Significant management judgement has been exercised to determine that future taxable profits for the group are beyond a reliable forecast horizon and that no deferred tax asset should be recognised.

Losses can be carried forward indefinitely under New Zealand tax law (assuming shareholder continuity requirements are met and approval of the Inland Revenue Department is obtained).

The Group has not recognised the deferred tax asset of $2,159,155 on its Statement of Financial Position as at reporting date. In deciding whether to recognise the deferred tax assets, the Group also considers whether it is likely that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted.

## 5. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

| | 2024 NZ$ | 2023 NZ$ |
|---|---|---|
| **Basic earnings per share** | | |
| Profit/ (Loss) after taxation attributable to equity holders of the parent | (1,572,706) | (2,021,542) |
| Weighted Average number of ordinary shares on issue | 112,435,892 | 97,408,768 |
| Basic and Diluted Earning per share in NZ$ | (0.01399) | (0.02075) |

The Company was listed and its ordinary shares quoted on the NZX main board equity security market (NZX main market) on 21 October 2021. There have been other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

## 6. AUTHORISED AND ISSUED SHARE CAPITAL

| | Shares Issued | NZ$ |
|---|---|---|
| **Ordinary shares on issue at 1 April 2022** | **84,960,384** | **8,588,273** |
| **Movement for 2023 financial year** | | |
| Gross ordinary shares authorised and issued | 24,896,768 | 2,092,942 |
| Transaction costs on ordinary shares authorised and issued | | (371,511) |
| **Net ordinary shares authorised and issued** | **24,896,768** | **1,721,431** |
| **ORDINARY SHARES ON ISSUE AT 31 MARCH 2023** | **109,857,152** | **10,309,704** |
| **Movement for 2024 financial year** | | |
| Gross ordinary shares authorised and issued | 5,157,479 | 255,034 |
| Transaction costs on ordinary shares authorised and issued | | (18,726) |
| **Net ordinary shares authorised and issued** | **5,157,479** | **236,308** |
| **ORDINARY SHARES ON ISSUE AT 31 MARCH 2024** | **115,014,631** | **10,546,012** |

A total number of 5,157,479 shares were issued by the company during the year ended 31 March 2024. 3,850,000 shares were issued (value $192,771) through wholesale offer and option issued and 1,307,479 shares (value $62,263) were issued under a share based payment agreement (see note 26).

All ordinary shares issued are fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary share and have equal dividend rights and no par value. No dividends have been declared or paid for the year ended 31 March 2024 (2023: $nil).

## 7 CASH AND CASH EQUIVALENTS

| | 2024 NZ$ | 2023 NZ$ |
|---|---|---|
| Cash at bank and on hand | 185,808 | 922,607 |
| **TOTAL CASH AND CASH EQUIVALENTS** | **185,808** | **922,607** |

The carrying amount of cash and cash equivalents approximates their fair value.

## 8. TRADE AND OTHER RECEIVABLES

| | Note | 2024 NZ$ | 2023 NZ$ |
|---|---|---|---|
| Trade receivables - third parties | | 7,035 | 6,842 |
| Trade receivables - related parties | 19 | 143,120 | 302,277 |
| | | **150,155** | **309,119** |
| Allowance for impairment losses | | - | - |
| **TOTAL TRADE AND OTHER RECEIVABLES** | | **150,155** | **309,119** |
| **Analysis of trade and other receivables** | | | |
| Current | | 135,432 | 116,171 |
| Past due 0-30 | | - | 46,603 |
| Past due 31-90 | | - | 145,862 |
| Past due more than 90 | | 14,723 | 483 |
| | | **150,155** | **309,119** |

Trade debtors are non-interest bearing and receipt is normally on 30 days terms. Related party receivables are non-interest bearing and repayable on demand as disclosed in note 19.

Consistent with both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

The gross carrying amount of a financial asset is written off (i.e., reduced directly) when the counterparty is in severe financial difficulty and the Group has no realistic expectation of recovery of the financial asset.

Financial assets written off remain subject to enforcement action by the Group. Recoveries, if any, are recognised in profit or loss.

The directors consider that there is no material difference between the carrying value and fair value of trade debtors and related party receivables. The Group's management considers that all financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. The directors also consider that the receivables that are past due and not impaired are fully recoverable.

The group applies both a specific loss component and a collective loss component in determining the allowance for impairment. The specific loss component considers and relates to individually significant exposures and the collective loss component is based on expected losses that are established for groups of similar assets. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. The Group also considers other forward looking economic factors in determining the impairment of trade, other and related party receivables. No impairment allowance has been recognised (2023: $nil).

# 9. OTHER CURRENT ASSETS

| | Note | 2024 NZ$ | 2023 NZ$ |
|---|---|---|---|
| **Other Current Assets** | | | |
| Customer fulfilment costs | 19 | - | 197,209 |
| Prepayments to other suppliers | | 50,130 | 132,482 |
| GST receivable | | 10,117 | 134,924 |
| **TOTAL OTHER CURRENT ASSETS** | | **60,247** | **464,615** |

## Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met:

(a) the costs relate directly to the contract or specifically identifiable proposed contract;

(b) the costs generate or enhance resources of the Group that will be used to satisfy future performance obligations;

(c) the costs are expected to be recovered

Customer fulfilment costs are amortised on Cannvalate product sales.

# 10 INVENTORIES

| | 2024 NZ$ | 2023 NZ$ |
|---|---|---|
| Hemp products | - | 24,271 |
| Work in progress | - | - |
| **TOTAL INVENTORIES** | **-** | **24,271** |

Inventories are measured at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventory has been assessed to have a net realisable value lower than its cost during this period. There is no other provision for closing stock as at balance date.

Assessing write downs for inventory obsolescence and net realisable value involves making estimates and judgements in relation to future selling prices between the most recent store stock counts and reporting date.

Inventory was written down in full.

## 11. PROPERTY, PLANT AND EQUIPMENT

| | Office Equipment NZ$ | Facility Otago NZ$ | Power Station NZ$ | Power Station Land NZ$ | Facility Taranaki NZ$ | Assets under construction - work in progress NZ$ | Motor Vehicle NZ$ | Total NZ$ |
|---|---|---|---|---|---|---|---|---|
| **AS AT 31 MARCH 2023** | | | | | | | | |
| **Cost** | | | | | | | | |
| Cost as at 1 April 2022 | 42,182 | 50,596 | 897,330 | - | 896,387 | 254,659 | - | **2,141,154** |
| Transfers from work in progress | - | - | - | - | 438,694 | - | - | **438,694** |
| Transfers to property, plant and equipment | - | - | - | - | - | (438,694) | - | **(438,694)** |
| Disposals | - | (50,596) | - | - | - | - | - | **(50,596)** |
| Additions | 5,348 | - | - | - | 74,198 | 576,363 | - | **655,909** |
| **Cost as at 31 March 2023** | **47,530** | **-** | **897,330** | - | **1,409,279** | **392,328** | - | **2,746,467** |
| **Accumulated Depreciation** | | | | | | | | |
| Accumulated depreciation at 1 April 2022 | (18,366) | (5,411) | (24,827) | - | (93,312) | - | - | **(141,916)** |
| Depreciation - prior period adjustment | - | 5,411 | - | - | - | - | - | **5,411** |
| Depreciation charge for the period | (8,069) | - | (26,418) | - | (84,171) | - | - | **(118,658)** |
| **Accumulated Depreciation at 31 March 2023** | **(26,435)** | **-** | **(51,245)** | - | **(177,483)** | **-** | - | **(255,163)** |
| **Carrying Amount** | | | | | | | | |
| Cost | 47,530 | - | 897,330 | - | 1,409,279 | 392,328 | - | **2,746,467** |
| Accumulated depreciation | (26,435) | - | (51,245) | - | (177,483) | - | - | **(255,163)** |
| **CARRYING AMOUNT 31 MARCH 2023** | **21,095** | **-** | **846,085** | **-** | **1,231,796** | **392,328** | **-** | **2,491,304** |

| | Office Equipment NZ$ | Facility Otago NZ$ | Power Station NZ$ | Power Station Land NZ$ | Facility Taranaki NZ$ | Assets under construction - work in progress NZ$ | Motor Vehicle NZ$ | Total NZ$ |
|---|---|---|---|---|---|---|---|---|
| **AS AT 31 MARCH 2024** | | | | | | | | |
| **Cost** | | | | | | | | |
| Cost as at 1 April 2023 | 47,530 | (0) | 897,330 | - | 1,409,279 | 392,328 | - | **2,746,467** |
| Transfers from work in progress | - | - | - | - | 250,670 | - | | **250,670** |
| Transfers to property, plant and equipment | - | - | (59,000) | 59,000 | - | (250,670) | | **(250,670)** |
| Disposals | (3,471) | - | - | - | - | - | | **(3,471)** |
| Additions | 0 | - | 71,601 | - | 428,887 | 11,539 | 20,500 | **532,527** |
| **Cost as at 31 March 2024** | **44,059** | **-** | **909,931** | **59,000** | **2,088,836** | **153,197** | **20,500** | **3,275,523** |
| **Accumulated Depreciation** | | | | | | | | |
| Accumulated depreciation at 1 April 2023 | (26,435) | - | (51,245) | - | (177,483) | - | | **(255,163)** |
| Disposal | - | - | - | | - | - | | **-** |
| Depreciation charge for the period | (1,107) | - | (38,994) | - | (210,833) | - | (1,025) | **(251,958)** |
| **Accumulated Depreciation at 31 March 2024** | **(27,542)** | **-** | **(90,239)** | **-** | **(388,316)** | **-** | **(1,025)** | **(507,121)** |
| **Carrying Amount** | | | | | | | | |
| Cost | 44,059 | - | 909,931 | 59,000 | 2,088,835 | 153,197 | 20,500 | **3,275,523** |
| Accumulated depreciation | (27,541) | - | (90,239) | - | (388,316) | - | (1,025) | **(507,121)** |
| **CARRYING AMOUNT 31 MARCH 2024** | **16,518** | **-** | **819,692** | **59,000** | **1,700,520** | **153,197** | **19,475** | **2,768,402** |

The assets under improvement consisted of work in progress assets for the Taranaki Facility $250,670 and Power Station $153,197. No assets were impaired or disposed of during the year.

Property plant and equipment are secured as disclosed in note 17.

## 12. BARTERCARD

| | 2024 NZ$ | 2023 NZ$ |
|---|---|---|
| **Bartercard balance:** | | |
| Current | - | 100,000 |
| Non- current | 16,758 | 23,659 |
| | **16,758** | **123,659** |
| **Opening Balance** | **123,659** | **193,619** |
| Trade Dollars earned | 5,806 | 9,012 |
| Trade Dollars spent | 112,707 | 78,972 |
| **CLOSING BALANCE** | **16,758** | **123,659** |

Bartercard Trade Dollars are units of electronic currency held by the Group which can be used to pay for products and services from other Bartercard members instead of paying in cash. Bartercard trade dollars comprise the balance of Bartercard Trade Dollars on hand at period end net of accumulated impairment losses. Trade dollars are not transferable for cash by Bartercard or any other financial institution. The trade dollars are acquired as earned and consumed as utilised and are tested at least annually for impairment or when indication of an impairment exist.

An impairment loss is recognised whenever the carrying amount of a Bartercard exceeds its recoverable amount. The estimated recoverable amount of Bartercard Trade Dollars are the greater of their fair value less costs to sell or value in use. Trade debits arising from sales to customers and trade credits from purchases of services are recognised in the statement of comprehensive income in the period in which the transaction occurs. Where trade credits are used to purchase an asset, the asset is capitalised and recognised in the statement of financial position.

Bartercard trade dollars was equivalent to the carrying value of the assets. Carrying value was determined based on the fact that all market participants (being other Bartercard members) accept the terms and conditions of Bartercard which stipulate that a Bartercard Trade Dollar is equivalent to a New Zealand dollar at the date of exchange in respect of future purchases or goods and services.

## 13. INTANGIBLE ASSETS

| | Graphic design NZ$ | Trademarks NZ$ | Total NZ$ |
|---|---|---|---|
| **YEAR ENDED 31 MARCH 2023** | | | |
| **Cost** | | | |
| Cost as at 1 April 2022 | 10,162 | 2,650 | 12,812 |
| Additions | - | - | - |
| **Cost as at 31 March 2023** | **10,162** | **2,650** | **12,812** |
| **Accumulated Amortisation** | | | |
| Accumulated amortisation 1 April 2022 | (460) | (625) | (1,085) |
| Amortisation for the period | (970) | (203) | (1,173) |
| **Accumulated amortisation and impairment as at 31 March 2023** | **(1,430)** | **(828)** | **(2,258)** |
| **Carrying Amount** | | | |
| Cost | 10,162 | 2,650 | 12,812 |
| Accumulated amortisation | (1,430) | (828) | (2,258) |
| **CARRYING AMOUNT 31 MARCH 2023** | **8,732** | **1,822** | **10,554** |
| **YEAR ENDED 31 MARCH 2024** | | | |
| **Cost** | | | |
| Cost as at 1 April 2023 | 10,162 | 2,650 | 12,812 |
| Additions | - | - | - |
| **Cost as at 31 March 2024** | **10,162** | **2,650** | **12,812** |
| **Accumulated Amortisation** | | | |
| Accumulated amortisation 1 April 2023 | (1,430) | (828) | (2,258) |
| Amortisation for the period | (873) | (182) | (1,055) |
| **Accumulated amortisation and impairment as at 31 March 2024** | **(2,303)** | **(1,010)** | **(3,313)** |
| **Carrying Amount** | | | |
| Cost | 10,162 | 2,650 | 12,812 |
| Accumulated amortisation | (2,303) | (1,010) | (3,313) |
| **CARRYING AMOUNT 31 MARCH 2024** | **7,858** | **1,640** | **9,499** |

## 14. OTHER FINANCIAL ASSETS

### Non-current assets

| | 2024 NZ$ | 2023 NZ$ |
|---|---|---|
| **Financial assets measured at amortised cost** | | |
| **Shares in unlisted companies** | | |
| Hempseed Holdings Limited | 200 | 200 |
| | **200** | **200** |
| **Total financial assets measured at amortised cost** | **200** | **200** |
| **TOTAL OTHER FINANCIAL ASSETS** | **200** | **200** |

### Shares - Sustainable Foods Limited

The Group owns 1.87% in Sustainable Foods Limited, an unlisted related party company. The GFI Management considered the fair value of the underlying assets and liabilities of Sustainable Foods Limited and estimated that the fair value of the investment diminished to $0 as at 31 March 2023.

### Shares - Hempseed Holdings Limited

The Group holds an investment of 2% in Hempseed Holdings Limited. The investment was previously impaired by $19,800. Management has assessed the investment for impairment and concluded no further impairment is required for the period.

# 15. FAIR VALUE MEASUREMENT

## (a) Fair Value Hierarchy

The following table provides the fair value classification of those assets and liabilities held by the group that are measured either on a recurring or non- recurring basis at fair value.

### RECURRING FAIR VALUE MEASUREMENTS

| | Level 1 NZ$ | Level 2 NZ$ | Level 3 NZ$ | Total NZ$ |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| **31 MARCH 2024** | | | | |
| **Financial assets at fair value through profit or loss** | | | | |
| Shares - RUA Bioscience Limited | - | - | - | - |
| Shares - Sustainable Foods Limited | - | - | 200 | 200 |
| **TOTAL FINANCIAL ASSETS** | **-** | **-** | **200** | **200** |
| **31 MARCH 2023** | | | | |
| **Financial assets at fair value through profit or loss** | | | | |
| Shares - RUA Bioscience Limited | - | - | - | - |
| Shares - Sustainable Foods Limited | - | - | 200 | 200 |
| **TOTAL FINANCIAL ASSETS** | **-** | **-** | **200** | **200** |

There were no transfers between any levels during the year.

Inputs to valuation techniques used to measure fair value of the above financial assets are categorised into the following three levels according to the extent to which the inputs are observable:

**Level 1 -** The fair value of financial assets traded in active markets (such as publicly traded equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

**Level 2 -** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3 -** Level 3 inputs are unobservable inputs for the asset or liability.

## Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices for similar instruments and assets in active markets
- recent quoted market prices for capital funding for similar instruments and securities in the companies not traded in an active market
- management uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

## Amounts recognised in profit and loss

During the year, the following fair value gains/(losses) were recognised in the profit and loss :

| | 2024 NZ$ | 2023 NZ$ |
|---|---|---|
| Shares - Sustainable Foods Limited | - | (153,865) |
| | **-** | **(153,865)** |

# 16. TRADE AND OTHER PAYABLES

| | Note | 2024 NZ$ | 2023 NZ$ |
|---|---|---|---|
| Trade and other payables | | 336,015 | 252,205 |
| Related party payables | 19 | 65,815 | 145,459 |
| Employee entitlements | | 28,692 | 33,05 |
| **TOTAL TRADE, OTHER AND RELATED PARTY PAYABLES** | | **430,522** | **430,719** |

The normal trade credit terms granted to the Group range from 30 to 90 days. The trade creditors are unsecured and non-interest bearing. The carrying amount disclosed above is a reasonable approximation of fair value.

## 17. BORROWINGS

| | 2024 NZ$ | 2023 NZ$ |
|---|---|---|
| **Current** | | |
| Crown Financial Services Limited | 515,900 | 615,900 |
| Directors Loan | 50,000 | - |
| Jasper Mace | 250,000 | - |
| Frank Risk Management (Wellington) Limited | 38,346 | 35,725 |
| | **854,246** | **651,625** |

The Group received a secured loan of $500,000 plus an establishment fee of $15,900 from related party Crown Financial Services Limited on 17 August 2023. The loan is for a term of 12 months and is subject to an annual interest rate of 18.3% per annum and a default interest rate of 22.5% per annum. The loan will be secured by:

(a) a General Security Agreement granting a security interest in respect of all present and after acquired personal property of GFI in favour of the Lender; and

(b) First Ranking Registered Mortgage over an area of land located at 127 Normanby Road, Normanby 4671, Taranaki, New Zealand (Identifier TNZ/1320).

The Group received a short term 12 month loan to fund their insurance premium from Frank Risk Management (Wellington) Limited on 4 October 2022. The loan is subject to an annual interest rate of 9.9% per annum.

The Group received a secured loan of $300,000 from the Directors on 29 January 2024. The loan is for a term of 12 months and is subject to an annual interest rate of 18.3% per annum and a default interest rate of 22.5% per annum.

The loan will be secured by:

(a) a General Security Agreement granting a security interest in respect of all present and after acquired personal property of GFI in favour of the Lender; and

(b) Second and Third Ranking Registered Mortgage over an area of land located at 127 Normanby Road, Normanby 4671, Taranaki, New Zealand (Identifier TNZ/1320).

## 18. NET CASH OUTFLOW FROM OPERATING ACTIVITIES

The reconciliation of net profit / (loss) with cash outflow from operations is as follows:

| | 2024 NZ$ | 2023 NZ$ |
|---|---|---|
| Loss before taxation | (1,572,706) | (2,021,542) |
| **Adjustment for non cash items** | | |
| Amortisation and impairment of intangible assets | 1,055 | 1,173 |
| Depreciation of property, plant and equipment | 251,958 | 118,658 |
| Fair value adjustment to financial instruments | - | 153,865 |
| Foreign exchange differences | - | 30,753 |
| Gain/loss on disposal of financial and fixed assets | 14,764 | 39,830 |
| Equity settled share based payments | 57,335 | 245,858 |
| Inventory write off | 269,944 | - |
| **Adjustment for movements in working capital items** | | |
| (Increase)/decrease trade and other receivables | 158,963 | (270,204) |
| (Increase)/decrease inventories | (24,356) | (24,272) |
| (Increase)/decrease prepayments | 247,001 | 124,914 |
| (Increase)/decrease customer fulfilment costs | - | 76,786 |
| (Increase)/decrease Bartercard | 6,902 | 69,959 |
| Increase/(decrease) trade and other payables | (197) | 74,524 |
| **NET CASH OUTFLOW FROM OPERATING ACTIVITIES** | **(589,337)** | **(1,379,698)** |

There are no non cash items arising from financing activity.

# 19. RELATED PARTIES

## Related Parties:

### PARENT AND ULTIMATE CONTROLLING PARTY

The immediate parent of the Group is Greenfern Industries Limited. By virtue of the fact the Company is owned by a large number of small investors; there is no ultimate controlling party.

### SUBSIDIARIES

Greenfern Industries Limited has a related party relationship with the subsidiaries and associates as listed at note 22.

| | |
|---|---|
| **Cannvalate Pty Limited** | Shareholder and entity controlled by director Darryl Davies |
| **Crown Financial Services Limited** | Shareholder and entity controlled by director Marvin Yee |
| **CyberCom Technologies Limited** | Common directorship by director Marvin Yee |
| **Explore and Discover Pty Limited ATF the Davies Family Trust** | Company associated to company's director Darryl Davies |
| **General Capital Limited** | Common directorship by director Simon McArley |
| **Mitakuye Owasin Trust** | Entity controlled by contractor as a consultant whom we have a commercial agreement with Ampyl Sciences. |
| **Prime Assets Limited** | Shareholder and entity controlled by director Phillip Wesley Brown |

## Related party balances

The following balances were held with related parties at period end.

| | Nature of Transactions | 2024 NZ$ | 2023 NZ$ |
|---|---|---|---|
| **Related Party Receivables** | | | |
| Cannvalate Pty Ltd | License fees | 143,120 | 302,277 |
| | | **143,120** | **302,277** |
| **Related Party Payables** | | | |
| Cannvalate Pty Ltd | Cost of service | - | 55,459 |
| Crown Finanical Services Limited | Interest accrued | 62,940 | 70,379 |
| CyberCom Technologies Limited | Director fee | - | 7,500 |
| Explore and Discover Pty Ltd ATF the DT Davies Family Trust | Director fee | - | 2,500 |
| Prime Assets NZ Limited | Director fee | 2,875 | 4,313 |
| Mitakuye Owasin Trust | Consulting fee | - | 5,308 |
| | | **65,815** | **145,459** |
| **Customer Fulfilment Costs** | | | |
| Cannvalate Pty Ltd | Prepayment of services | - | 197,209 |
| | | **-** | **197,209** |
| **Borrowings** | | | |
| Crown Financial Services Limited | Loan | 515,900 | 615,900 |
| Jasper Mace | Loan | 250,000 | - |
| Kirsten Taylor | Loan | 50,000 | - |
| | | **815,900** | **615,900** |

The related parties balances are non-interest bearing and unsecured. There is no collateral or guarantees for related parties receivables & payables. Borrowings are interest bearing and secured.

## Related party transactions:

| | Nature of Transactions | 2024 NZ$ | 2023 NZ$ |
|---|---|---|---|
| **Sales of products or services provided to the following:** | | | |
| Cannvalate Pty Ltd | Licensed fees & products | 244,130 | 473,535 |
| | Hemp products | - | - |
| | | **244,130** | **473,535** |
| **Purchases from the following for services, products or fixed assets provided:** | | | |
| Cannvalate Pty Ltd | Patient acquisition fees | 64,426 | 298,756 |
| Crown Financial Services Limited | Fees & interest | 105,270 | 84,205 |
| 1J Capital | Strategic advisory | - | 8,400 |
| Mitakuye Owasin Trust | Consulting | 8,553 | 4,616 |
| Philip Brown | Strategic advisory | - | 72,916 |
| | | **178,249** | **468,893** |
| **Share capital received** | | | |
| Cannvalate Pty Ltd (Cash) | | - | 50,000 |
| Cannvalate Pty Ltd (Share based payment) | | - | 150,000 |
| CyberCom Technologies Limited | | - | 9,000 |
| Explore and Discover Pty Ltd ATF the DT Davies Family Trust | | - | 9,000 |
| Moneyonline Limited | | - | 11,313 |
| Prime Assets NZ Limited | | - | 9,000 |
| | | **-** | **238,313** |

## Cannvalate Pty Limited Agreement

In April 2022, the company entered into a master services agreement with an Australian based company, Cannvalate Pty Ltd ("Cannvalate") to assist GFI to develop its cannabis medicine sales in Australia which are marketed under the GFI Pharma brand.

Under the agreement, Cannvalate shall be providing the company with the following services:

- manufacturing medicines
- storage, warehousing and delivery of medicines
- reporting on sales volumes
- providing education and services to support sales

Under the agreement, the parties set up a goal of acquiring 6,000 new patients in 24 months under a share-based payments plan (see note 26). GFI agreed to issue GFI stock as a bonus for each 1,000 new patients acquired within 24 months and 1,000 patients had been acquired by November 2022.

GFI also agreed to pay a warehousing/storage service fee for repeating sales and a data fee for new patients.

Either party may terminate the agreement with 30 days prior written notice or such shorter time period as is reasonably required in the other special circumstances.

Management have considered that based on the current performance, the next milestone of 1000 new patients will not be probable before the term of the contract therefore the performance bonus has not been provided.

The related party transactions under prepayments, revenue, expenditure, accounts receivable and accounts payable for Cannvalate relate to the services provided under this agreement as follows:

| Cannvalate Pty Ltd | Nature of transactions and balances |
|---|---|
| Related party receivable | Sales of license fee |
| Related party payable | Patient acquisition/data fees and warehouse storage fees |
| Prepayments | Prepayment for supply of services |
| Sales | Overseas sales of license fee |
| Purchases | Consulting, research and development, patient acquisition/data fees and warehouse storage fees |

## Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, and include the directors, chief executive and senior management. Remuneration paid to key management personnel is as follows:

| | 2024 NZ$ | 2023 NZ$ |
|---|---|---|
| Salaries and other short-term benefits | 229,058 | 413,247 |
| Director fees | 165,723 | 217,500 |
| **Total** | **394,781** | **630,747** |

## 20. COMMITMENTS AND CONTINGENCIES

The Group has no capital commitments and contingencies at 31 March 2024 (31 March 2023: Nil)

## 21. FINANCIAL INSTRUMENTS

The Group is exposed to the following financial risks in respect to the financial instruments that it held at the end of the reporting period:

(a) Credit risk
(b) Capital management
(c) Liquidity risk
(d) Other market risk
(e) Interest rate risk
(f) Fair values compared with carrying amounts
(g) Foreign currency risk

The board of directors have overall responsibility for identifying and managing operational and financial risks.

### Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

| | 2024 NZ$ | 2023 NZ$ |
|---|---|---|
| **31 March 2023** | | |
| **FINANCIAL ASSETS:** | | |
| **Amortised cost** | | |
| Cash and cash equivalents | 185,808 | 922,607 |
| Trade and other receivables | 150,155 | 309,119 |
| **Fair value through profit or loss** | | |
| Shares in listed entities | - | - |
| Shares in unlisted entities | 200 | 200 |
| **TOTAL FINANCIAL ASSETS** | **336,163** | **1,231,926** |
| **FINANCIAL LIABILITIES:** | | |
| **Amortised cost** | | |
| Trade and other payables | 430,522 | 397,664 |
| Borrowings | 854,246 | 651,625 |
| **TOTAL FINANCIAL LIABILITIES** | **1,284,768** | **1,049,289** |

The specific financial risks that the Group is exposed to are discussed below.

## (a) Credit risk

Financial instruments which potentially are subject to credit risk principally relate to bank accounts, trade receivables and other receivables. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk arises from balances held with banks. The credit risk is managed by holding all cash and cash equivalents with a New Zealand registered bank.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in consolidated statement of financial position and notes to financial statements.

### EXPOSURE TO CREDIT RISK

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade and other receivables by geographical region is as follows:

| | 2024 NZ$ | 2023 NZ$ |
|---|---|---|
| Australia | 143,120 | 302,277 |
| New Zealand | 7,035 | 6,842 |
| **TOTAL TRADE AND OTHER RECEIVABLES** | **150,155** | **309,119** |

### EXPECTED CREDIT LOSS ASSESSMENT

No impairment losses on trade and other receivables have been recognised in the 2024 year (2023: $nil) based on the NZ IFRS 9 expected loss model assessment.

## (b) Capital management

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising of issued capital and retained earnings. The Group's capital includes share capital net of accumulated losses with total shareholders' funds equal to $1,880,821 (2023: $3,263,985). The Board reviews the Group's capital structure regularly. The capital of the Group is monitored to ensure equity holder objectives are met, the primary of which is to ensure the Group provides a consistent return to its equity shareholders through a combinations of capital growth and distributions. The Group manages its capital to ensure the entities in the Group will be able to continue as going concerns.

The Group is not subject to any externally imposed capital requirements.

## (c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources, trade receivables and the provision of funding from related parties and borrowing facilities.

The following table outlines the Group's remaining contractual maturities for non-derivative financial instruments. The amounts presented in the table are the undiscounted contractual cash flows of the financial liabilities, allocated to time bands based on the earliest date on which the Group can be required to pay.

| | 0 to 6 months NZ$ | 7 to 12 months NZ$ | 1 to 2 years NZ$ | Over 2 years NZ$ | Total NZ$ |
|---|---|---|---|---|---|
| **2024** | | | | | |
| **Financial liabilities:** | | | | | |
| Trade and other payables | 430,522 | - | - | - | 430,522 |
| Borrowings | 854,246 | - | - | - | 854,246 |
| | **1,284,768** | **-** | **-** | **-** | **1,284,768** |
| **2023** | | | | | |
| **Financial liabilities:** | | | | | |
| Trade and other payables | 397,664 | - | - | - | 397,664 |
| Borrowings | 651,625 | - | - | - | 651,625 |
| | **1,049,289** | **-** | **-** | **-** | **1,049,289** |

## (d) Other market risk

Other market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The Group faces the risk that the supply of cannabis products available in New Zealand will outstrip the demand, which may result in lower product prices, which in turn may have an adverse effect on the Group's financial performance.

## (e) Interest rate risk

Interest rate risk is where the risk of loss to the Group from adverse changes in interest rates.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

| | 2024 NZ$ | 2023 NZ$ |
|---|---|---|
| Financial liabilities | 854,246 | 651,625 |
| | **854,246** | **651,625** |

The financial liabilities are fixed 1 year.

## (f) Fair value of financial assets and liabilities

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in consolidated statement of financial position and notes to financial statements. The fair value of financial assets and financial liabilities are determined using standard terms and conditions of the relevant instruments. The method used in determining the fair values of financial instruments are discussed in note 1.2, 1.12 and 1.17.

## (g) Foreign currency risk

The group is exposed to currency risk to the extent that there is a mismatch between the currencies in which some sales and purchases are denominated. The functional currency of the group is NZ dollars. The currencies in which the transactions are primarily denominated are NZ dollars and Australian dollars. The directors have chosen not to hedge against the group's foreign currency exposure.

# 22. INVESTMENT IN SUBSIDIARIES

## (a) Subsidiaries

| Name of subsidiary | Country of Incorporation | Principal activity | Ownership interest and voting rights 2024 | 2023 |
|---|---|---|---|---|
| GFI Pharma Limited | New Zealand | Non-Trading | 100% | 100% |
| Greenfern Hemp Limited | New Zealand | Non-Trading | 100% | 100% |
| Greenfern Power Limited | New Zealand | Non-Trading | 100% | 100% |
| Mato Limited | New Zealand | Non-Trading | 100% | 100% |
| Greenfern Cultivation Limited | New Zealand | Non-Trading | 100% | 100% |
| GFI Pharma Pty Limited | Australia | Non-Trading | 100% | 100% |

Ownership interest are the same as voting rights. All subsidiaries were incorporated in March 2021 and are non trading.

## (b) Associates

| Associate | Measurement basis | Quoted Fair value (if available) 2024 | 2023 | Ownership interest and voting rights 2024 | 2023 |
|---|---|---|---|---|---|
| Greenfern Industries Thailand | Equity Accounted | - | - | 49% | 49% |

Greenfern Industries Thailand was incorporated in Thailand in 1 September 2020. The company is non trading.
Greenfern Industries Limited (NZ) recognised $nil profit or loss from the associate.

## 23. SEGMENT REPORTING

The Group's operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments on an entity. The Group has determined the Group's Board of Directors as its chief operating decision-maker as the board is responsible for allocating resources and assessing the performance of the operating segments and making strategic and operating decisions. Income and expenses directly associated with each segment are included in determining each segment's performance.

The Group operates in a number of business segments in New Zealand and Australia. The Group has determined its operating segments into two segments which reflect the different type of industry sectors within which the Group operates. Information regarding the operations of each reportable operating segment is included below.

### Cannabis and therapeutics products

The operations of this segment largely reflect the activities of the arrangement with Cannvalate to manufacture and distribute white label products. It also reflects revenue generated from recent medicinal cannabis sales.

### Electricity generation

This segment includes the generation and distribution of electricity.

No operating segments have been aggregated to form the above reportable operating segments. There were no sales between segments of the Group during the year.

The following tables present revenue and profit information for the Group's operating segments for the year ended 31 March 2024 and 2023, respectively:

| | Unallocated NZ$ | Cannabis and therapeutics products NZ$ | Electricity generation NZ$ | Year ended 31 March NZ$ |
|---|---|---|---|---|
| **YEAR ENDED 31 MARCH 2024** | | | | |
| **Operating Income** | | | | |
| External Operating Revenue from Customers | - | 325,051 | 2,842 | 327,893 |
| Other Revenue | - | 49,677 | - | 49,677 |
| **Total Revenue** | **-** | **374,728** | **2,842** | **377,570** |
| **Cost of Sales** | **-** | **76,712** | **20,879** | **97,591** |
| **Operating Expenses** | | | | |
| Salary Expense | 465,050 | - | - | 465,050 |
| Depreciation | 2,132 | 210,833 | 38,994 | 251,959 |
| Finance Expense | 120,372 | - | - | 120,372 |
| (Gain)/Loss on Fixed Asset/Investment Disposal | - | 14,764 | - | 14,764 |
| Movement in Fair Value of Financial Asset | - | - | - | - |
| Other Expenses | 1,000,540 | - | - | 1,000,540 |
| **Total operating expenses** | **1,588,094** | **225,597** | **38,994** | **1,852,685** |
| **SEGMENT PROFIT/(LOSS) BEFORE TAX** | **(1,588,094)** | **72,419** | **(57,031)** | **(1,572,706)** |

| | Unallocated NZ$ | Cannabis and therapeutics products NZ$ | Electricity generation NZ$ | Year ended 31 March NZ$ |
|---|---|---|---|---|
| **YEAR ENDED 31 MARCH 2023** | | | | |
| **Operating Income** | | | | |
| External Operating Revenue from Customers | - | 519,688 | 31,188 | 550,876 |
| Other Revenue | - | - | - | - |
| **Total Revenue** | **-** | **519,688** | **31,188** | **550,876** |
| **Cost of Sales** | **-** | **46,819** | **16,692** | **63,511** |
| **Operating Expenses** | | | | |
| Salary Expense | 264,598 | 256,246 | 78,710 | 599,554 |
| Depreciation | 8,069 | 84,171 | 26,418 | 118,658 |
| Finance Expense | 75,875 | - | - | 75,875 |
| (Gain)/Loss on Fixed Asset/Investment Disposal | - | 39,830 | - | 39,830 |
| Movement in Fair Value of Financial Asset | 153,865 | - | - | 153,865 |
| Other Expenses | 790,832 | 727,148 | 3,145 | 1,521,125 |
| **Total operating expenses** | **1,293,239** | **1,107,395** | **108,273** | **2,508,907** |
| **SEGMENT PROFIT/(LOSS) BEFORE TAX** | **(1,293,239)** | **(634,526)** | **(93,777)** | **(2,021,542)** |

he following tables present assets and liabilities information for the Group's operating segments as at 31 March 2024 and 31 March 2023, respectively:

| | Unallocated NZ$ | Cannabis and therapeutics products NZ$ | Electricity generation NZ$ | Total NZ$ |
|---|---|---|---|---|
| **As at 31 March 2024** | | | | |
| Segment assets | 391,860 | 1,850,675 | 972,889 | 3,215,424 |
| Capital Expenditure | 20,500 | 428,887 | 83,140 | 532,527 |
| Segment Liabilities | 1,151,995 | 29,402 | 103,371 | 1,284,768 |
| **As at 31 March 2023** | | | | |
| Segment assets | 1,261,294 | 2,106,117 | 978,917 | 4,346,329 |
| Capital Expenditure | - | 607,235 | 43,326 | 650,561 |
| Segment Liabilities | 902,775 | 175,184 | 4,385 | 1,082,344 |

## Geographical segments

Revenue from external customers is attributed to geographical segments on the basis of the country the customer is trading in. Revenues from two related party customers of the Group's Cannabis and therapeutics products segment represented 75% (2023: 91%) of the Group's total operating revenue.

| | 2024<br>NZ$ | 2023<br>NZ$ |
|---|---|---|
| **External Operating Revenue** | | |
| Australia | 244,130 | 473,535 |
| New Zealand | 83,764 | 77,341 |
| **EXTERNAL OPERATING REVENUE** | **327,894** | **550,876** |

All assets, and liabilities were domiciled within New Zealand and Australia .

The revenue totalling $244,130 (2023: 473,535) comes from one customer, amounts to over 10% of the of the total revenue. This revenue relates to the Cannabis and theraputic products segment.

# 24. NET TANGIBLE ASSETS PER SHARE

The net tangible assets and number of shares are as follows:

| | Note | March<br>2024<br>NZ$ | March<br>2023<br>NZ$ |
|---|---|---|---|
| Total assets | | 3,215,424 | 4,346,329 |
| Less intangible assets | | 9,499 | 10,554 |
| **Tangible assets** | | **3,205,925** | **4,335,775** |
| Less total liabilities | | 1,284,768 | 1,082,344 |
| **Net tangible assets** | | **1,921,157** | **3,253,431** |
| Number of ordinary shares on issue | 6 | 115,014,631 | 109,857,152 |
| Net tangible assets / liabilities per share in NZ$ | | 0.016704 | 0.029615 |

## 25. LEASES

### Short-term leases and leases for low value assets

The group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred on a straight line basis.

Lease payments for the following short-term leases and leases for low value assets expensed to profit or loss on a straight line basis are as follows:

| | 2024 NZ$ | 2023 NZ$ |
|---|---|---|
| Lease of motor vehicle | 13,585 | 22,346 |
| Lease of plant and equipment | 3,701 | 4,773 |
| Lease of land | 4,800 | 4,800 |
| Lease of desk space | 2,570 | 4,870 |
| | **24,656** | **36,789** |

The Group has no other leases or right of use assets.

## 26. SHARE-BASED PAYMENTS

GFI operates equity-settled share-based remuneration plans for directors and management employees.

During the year GFI also entered into a share-based payment agreement with Rivet Ltd for ducting work on the Taranaki site.

During the year GFI issued shares under the share-based payment plan in November 2023 and March 2024. The weighted average share price for shares issued in November 2023 was calculated by reference to the 90-day volume weighted average price (VWAP) of the GFI's shares traded on the NZX up to and including 30 October 2023.

Details of the share-based payments share issues are as follows:

| Transaction in Profit & Loss | Issue date | Number of shares | WAP | Value |
|---|---|---|---|---|
| **YEAR ENDED 31 MARCH 2023** | | | | |
| Director fees | 11/1/2023 | 561,577 | 0.08866 | $49,788 |
| Management wages | 11/1/2023 | 488,053 | 0.08866 | $43,269 |
| Supplier payments | 11/1/2023 | 26,158 | 0.08865 | $2,319 |
| Commisions/incentives | 22/4/2022 | 877,659 | 0.17091 | $150,000 |
| | | **1,953,447** | | **$245,376** |
| **YEAR ENDED 31 MARCH 2024** | | | | |
| Supplier payments | 23/11/2023 | 677,833 | 0.04944111 | $33,514 |
| Consulting fees | 25/03/2024 | 629,646 | 0.04566000 | $28,750 |
| | | **1,307,479** | | **$62,264** |

## 27. OPTIONS RESERVE

The options reserve records items recognised as expenses on valuation of employee share options.

### Share option scheme

The group established the Share Option Plan (SOP) as a long-term incentive scheme to promote the success of the group's business. Under the SOP plan, eligible wholesale investors are granted options which vest over 1 year.

The options if exercised, are issued for the consideration of 5c per share and carry rank pari pasu with the ordinary shares and have voting rights and dividend payments of the group.

The table below summarises the options granted under the SOP plan:

| Grant Date | Exercise price | Balance at beginning of the year No. | Granted during the year No. | Exercises during the year No. | Lapsed during the year No. | Balance at end of the year No. | Vested and exercisable at end of the year No. |
|---|---|---|---|---|---|---|---|
| 23/11/2023 | $0.05 per option | - | 1,850,000 | - 150,000 | - | 1,700,000 | 1,700,000 |
| | | **-** | **1,850,000** | **- 150,000** | **-** | **1,700,000** | **1,700,000** |

The assessed fair value of the share options granted to eligible employees is determined using a Black-Scholes option pricing model that take into account the following inputs:

- Exercise price of $0.05 per option
- Risk free rate of 5.43%
- Dividend yield of nil
- Volatility of 19.85%

Total expenses arising from share-based payment transactions recognised during the year were $3,339 (2023: nil)

The exercise price of options outstanding at 31 March 2024 was 5 cents (2023: nil) and their weighted average contractual life was 1 year (2023: nil). Of the total number of options outstanding at 31 March 2024, 1,700,000 (2023: nil) had vested and were exercisable.

The weighted average share price (at the date of exercise) of options exercised during the year was 4 cents (2023: nil).

## 28. EVENTS AFTER THE REPORTING PERIOD

There has been no matter or circumstance, which has arisen since 31 March 2024 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 March 2024, of the Group, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2024, of the Group.

**A D Danieli Audit Pty Ltd**

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**Independent Auditor's Report**
**To the Shareholders of**
**Greenfern Industries Limited**

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Greenfern Industries Limited and its controlled entities (the Group) on pages 22 to 67, which comprise the consolidated statement of financial position as at 31 March 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (NZIFRS).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in the Group.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition, to the matter described in the Emphasis of Matter paragraph, we have determined the matters described below to be the key audit matters to be communicated in our report.

| KEY AUDIT MATTER | HOW OUR AUDIT ADDRESSSED THE KEY AUDIT MATTER |
|---|---|
| **Accounting for Cost of Sales**<br>Refer to Note 3 | |
| Cost of sales includes hemp meal purchases, costs incurred for hemp products, electricity network and indoor cultivation (2024 - $97,592)<br><br>As described in Note 1.8, The company makes upfront payments to Cannvalate for the cost of manufacturing and selling the white label products in order to generate the License fees income.<br><br>Contract assets are recognised where the payments for the manufacturing and selling of the products are made to Cannvalate but the performance obligation under the contract has not yet been satisfied. | • Obtained confirmation from the sole customer under the contractual arrangement of costs.<br>• Obtained confirmation of closing balances between Cannvalate (Pty) Limited and Greenfern Industries Limited. |
| **Going Concern**<br>Refer to Note 1.5 | |
| The Group is in its start-up phase, and the industry in which it operates in the New Zealand and Australian markets is still in its early stages. Throughout the year, the Group's primary objective was to continue researching and developing medicinal cannabis products for mass production. As a result, the Group has reported a loss for the 2024 year of $1,572,706 (2023: loss of $2,021,542) and operating cash outflows for the 2024 year $589,337 (2023: $1,379,698). | Our procedures included:<br>• Reviewed the agreement with the financier.<br>• Obtained representations from management.<br>• Reviewed the cashflow forecast for the future period.<br>• Reviewed the disclosures provided in the financial statements. |

**Emphasis of Matter Material Uncertainty Relating to Going Concern**

We draw your attention to Note 1.5 Material uncertainty relating to going concern. The Group has reported a loss for the 2024 year of $1,572,706 (2023: loss of $2,021,542) and operating cash outflows for the 2024 year $589,337 (2023: $1,379,698). In addition, the Group anticipates a significant increase in revenue due to the opening of the cultivation facility.

The Group's operations have been funded by a capital raise which yielded $0.17 million through wholesale allocations of shares during the fiscal year ending on 31 March 2024 and by a loan of $250,000 from the Jasper Mace Trust and $50,000 from Kirsten Taylor. The management is confident in the fundraising activities for the upcoming fiscal year 2025 due to past fundraising successes. The Group will seek further capital of $1 million in 2025. The Group also has a debt in borrowings of $515,900 which is due to be repaid by August 2024. The Directors are in discussion with the financier for an extension and are confident that Crown Financial Services Limited borrowings can be extended for an additional 12 months.

The Directors believe the going concern assumption is appropriate in light of the circumstances that, in their opinion, are likely to affect the Group for at least one year following the date the financial statements are approved.

Our opinion is not modified for this matter.

**Other Matters**

The annual report for the financial year ended 31 March 2023 was audited by another auditor who expressed an unmodified opinion on that report on 21 June 2023.

**Information Other Than the Financial Statements and Auditor's Report**

The Directors are responsible for the other information. The other information comprises the information on pages 4 to 20 and pages 72 to 79 but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover other information included in the Group's Annual Report and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial information our responsibility is to read the other information and, in doing so consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears materially misstated.

If based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Directors' Responsibilities for the Consolidated Financial Statements**

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/

The description forms part of our independent auditor's report.

### Report on Other Legal and Regulatory Requirements

There are no matters to report upon.

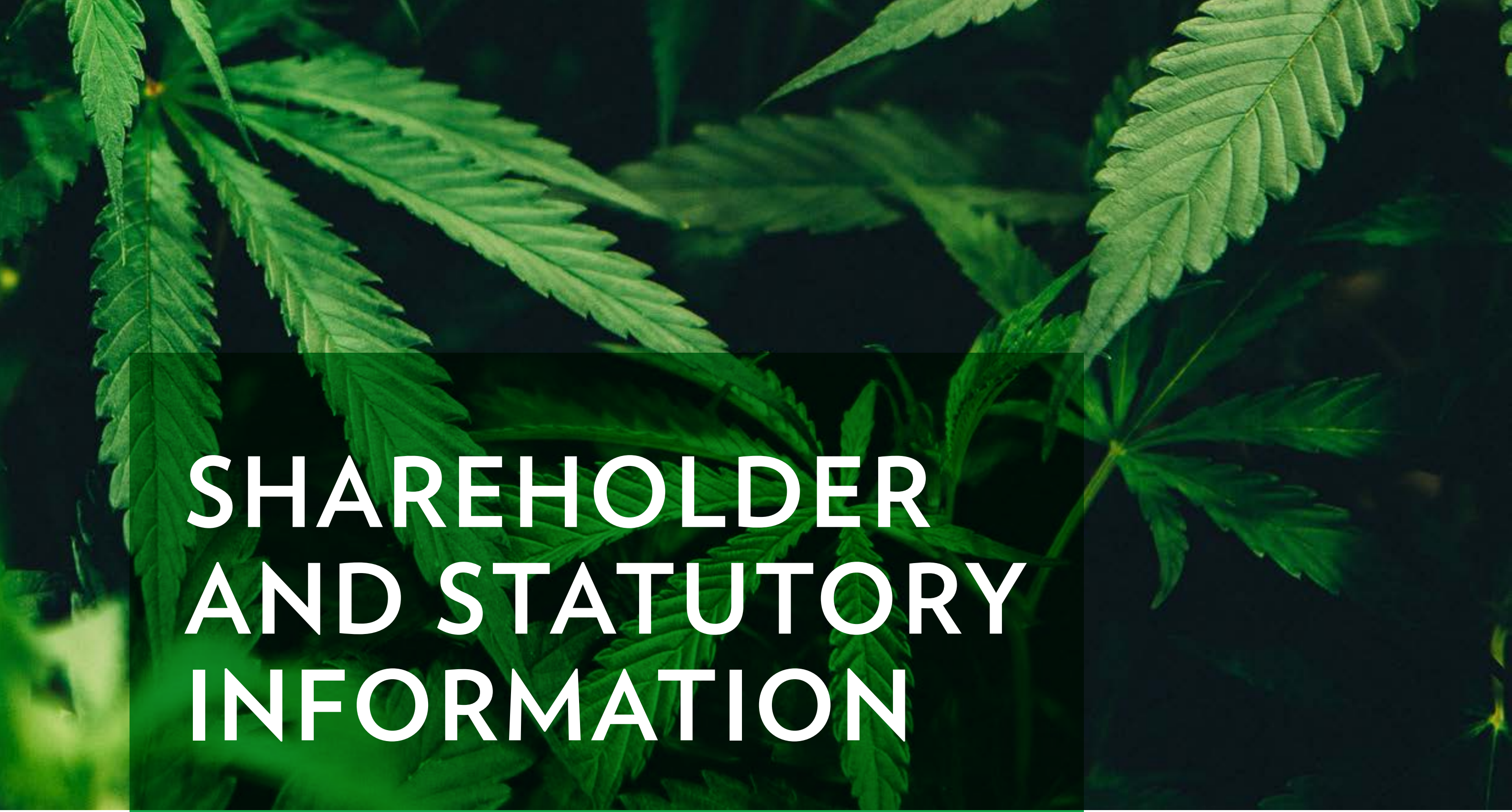
### Restriction on Distribution and Use

This report is made solely for the Group's Shareholders, as a body. Our audit work has been undertaken so that we might state to the Group's Shareholders those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's Shareholders, as a body, for our audit work, for this report or any of the opinions we have formed.

The engagement director on the audit resulting in this independent auditor's report is Sam Danieli.

For and on behalf of:

**A D Danieli Audit Pty Ltd**
**Sam Danieli**
**Registered Auditor NZ: AUD289**
**Sydney, 26 June 2024**



# SHAREHOLDER AND STATUTORY INFORMATION

The company is listed on New Zealand Exchange (NZX).

## LARGEST HOLDERS OF QUOTED FINANCIAL PRODUCTS (AS AT 31 MAY 2024)

| Rank | Registered Shareholder | Holding | % |
|---|---|---|---|
| 1 | NEW ZEALAND DEPOSITORY NOMINEE LIMITED | 33,056,129 | 28.74 |
| 2 | DANIEL CASEY | 8,969,370 | 7.80 |
| 3 | JOHN DESMOND HUSSEY | 5,619,486 | 4.89 |
| 4 | DANIEL LEYDEN | 4,942,496 | 4.30 |
| 5 | BRENDON PARTRIDGE | 4,763,873 | 4.14 |
| 6 | TIMOTHY MARK JOHNSON | 3,170,913 | 2.76 |
| 7 | WEI WANG | 1,927,672 | 1.68 |
| 8 | CROWN FINANCIAL SERVICES LIMITED | 1,833,725 | 1.59 |
| 9 | HAN MENG TEE & NUANLA OR SODRUNG | 1,600,000 | 1.39 |
| 10 | CANNVALATE PTY LTD | 1,502,659 | 1.31 |
| 11 | PRIME ASSETS (NZ) LIMITED | 1,300,000 | 1.13 |
| 12 | STRATEGIC ASSETS (NZ) LIMITED | 1,300,000 | 1.13 |
| 13 | CBC GREENFERN LIMITED | 1.216,800 | 1.06 |
| 14 | KIRSTY GODFREY-BILLY | 1,200,000 | 1.04 |
| 15 | STEPHEN CARTER & SUSAN CARTER | 1,000,000 | 0.87 |
| 16 | JOHN GREEN | 800,000 | 0.70 |
| 17 | ROSANNA MARY PICKETT | 800,000 | 0.70 |
| 18 | CRAIG NEWTON BARKLEY & PAULA ANN BARKLEY | 691,000 | 0.60 |
| 19 | RIVET LIMITED | 677,833 | 0.59 |
| 20 | RENEWABLE POWER LIMITED | 67349 | 0.58 |

## SPREAD OF QUOTED FINANCIAL PRODUCT HOLDERS (AS AT 31 MAY 2024)

| Size of Holding | Number of shareholders | % | Number of Shares | % |
|---|---|---|---|---|
| 1 - 1,999 | 29 | 1.61 | 27,213 | 0.02 |
| 2,000 - 4,999 | 768 | 42.55 | 2,548,980 | 2.22 |
| 5,000 - 9,999 | 382 | 21.16 | 2,834,047 | 2.46 |
| 10,000 - 49,999 | 469 | 25.98 | 10,075,138 | 8.76 |
| 50,000 - 99,999 | 58 | 3.21 | 4,008,686 | 3.49 |
| 100,000 – 499,999 | 76 | 4.21 | 16,686,879 | 14.51 |
| 500,000 – plus | 23 | 1.27 | 78,833,688 | 68.54 |
| | **1805** | **100.00** | **115,014,631** | **100.00** |
| **Geographic Spread** | | | | |
| New Zealand | 1726 | 95.62 | 110,713,839 | 96.26 |
| Other | 79 | 4.38 | 4,300,792 | 3.74 |
| | **1805** | **100.00** | **115,014,631** | **100.00** |

## SUBSTANTIAL PRODUCT HOLDERS (AS AT 31 MARCH 2024)

This information reflects the company's records and disclosures made under section 280(1)(b) of the Financial Markets Conduct Act 2013.

| | Ordinary Shares Beneficially Held | % Held |
|---|---|---|
| JOHN DESMOND HUSSEY | 9,174,484 | 7.97 |
| DANIEL CASEY | 8,969,370 | 7.80 |
| | **18,143,854** | **15.77** |

The total number of voting securities of the company on issue at 31 March 2024 was 115,014,631 paid ordinary shares.

# SHAREHOLDER AND STATUTORY INFORMATION

## DIRECTORS

During the year the board of directors comprised:

| | Appointed | Resigned |
|---|---|---|
| **Executive directors** | | |
| Daniel Casey | 29-Jun-18 | |
| **Non-executive directors** | | |
| Darryl Davies | 13-Jul-21 | 14-Jun-23 |
| **Independent directors** | | |
| Simon McArley | 5-Aug-21 | |
| Kirsten Taylor | 16-Aug-21 | |
| Philip Wesley Brown | 12-Jul-21 | 4-Sep-23 |
| Marvin Yee | 12-Oct-21 | |
| Elizabeth Plant | 31-Jan-24 | |
| **Directors of subsidiary GFI Pharma Pty Ltd** | | |
| Anneliese Casey | 6-Dec-21 | |
| Daniel Casey | 20-Aug-21 | |
| **Director of Greenfern Cultivation Limited** | | |
| Daniel Casey | 16-Dec-21 | |
| **Director of Greenfern hemp Limited** | | |
| Daniel Casey | 26-Mar-21 | |
| **Director of Greenfern Power Limited** | | |
| Daniel Casey | 26-Mar-21 | |
| **Director of Mato Limited** | | |
| Daniel Casey | 31-Mar-21 | |

## DIRECTORS RELEVANT INTEREST IN QUOTED FINANCIAL PRODUCT (AS AT 31 MARCH 2024)

| | Relevant Interest |
|---|---|
| Daniel Casey | 8,969,370 |
| Philip Wesley Brown (Resigned 4th September 2023) | 3,701,515 |
| Marvin Yee | 1,967,115 |
| Simon McArley | 140,869 |
| Kirsten Taylor | 325,682 |
| Darryl Davies (Resigned 14th June 2023) | 1,604,174 |
| Elizabeth Plant | 15,000 |

### Relevant Interest

**Daniel Casey** as the registered holder and beneficial owner.

**Philip Wesley Brown** as (a) registered holder and beneficial owner; (b) Controller of Strategic Assets (NZ) Limited, the registered holder and beneficial owner; (c) Controller of Prime Assets (NZ) Limited, the registered holder and beneficial owner.

**Marvin Yee** as (a) registered holder and beneficial owner; (b) power to control registered holder of Crown Financial Service Limited (the registered holder).

Deemed relevant interest by virtue of **Simon McArley** having power to control Prospect Road Investments Limited (the registered holder).

**Kirsten Taylor** as the registered holder and beneficial owner.

**Darryl Davies** as (a) registered holder and beneficial owner; (b) power to control registered holder of Cannvalate Pty Ltd (the registered holder).

**Elizabeth Plant** as the registered holder and beneficial owner.

## INTEREST REGISTER ENTRIES DURING THE YEAR ENDED 31 MARCH 2024

### General Notices (Section 140(2) Companies Act 1993)

During the financial year ended 31 March 2024 the following general notices appeared in the interests register.

#### DANIEL JOHN CASEY

1. New Zealand Medicinal Cannabis Council

#### PHILIP WESLEY BROWN

1. Prime Assets (NZ) Limited
2. Strategic Assets (NZ) Limited

#### DARRYL DAVIES

1. Cannvalate Pty Ltd (Exec Director) TSX: VLNS
2. Ingenu Cro Pty Ltd

#### SIMON JOHN MCARLEY

1. General Capital Limited
2. Prospect Road Investments Limited

#### MARVIN YEE

1. Crown Financial Services Limited
2. Omega Corporation Limited
3. Manuka Bioscience Limited (6055129)

### Specific Transaction Disclosures (Section 140(1) Companies Act 1993)

During the financial year ended 31 March 2024 no directors disclosed an interest in any transactions entered in to by the company.

## DIRECTORS AND OFFICERS DISCLOSURES OF DEALINGS IN RELEVANT INTERESTS IN QUOTED FINANCIAL PRODUCTS RECORDED IN INTEREST REGISTER DURING THE YEAR ENDED 31 MARCH 2024

### (SECTION 299 FINANCIAL MARKETS CONDUCT ACT)

During the financial year ended 31 March 2024 the following relevant interests were recorded in the interests register.

**DIRECTOR OR OFFICER (Position Held)**

| Nature of Transaction | Date of Transaction | Class of Financial Product | Number of Financial Product | Consideration $ | Registered Holder | Nature of relevant interest |
|---|---|---|---|---|---|---|
| **RICHARD CHEW** (CFO) | | | | | | |
| Issue of 629,646 ordinary shares | 27/03/2024 | Ordinary Shares | 629,646 | 28,750.00 | Richard Chew | Registered holder and beneficial owner |

## DIRECTORS AND OFFICERS INSURANCE EFFECTED DURING THE YEAR ENDED 31 MARCH 2024

### (SECTION 162(7) COMPANIES ACT)

During the financial year ended 31 March 2024 the following details of directors and officers insurance were entered in the interests register.

Pursuant to section 162 of the Companies Act 1993 and the Constitution, the Group has entered into a D&O Insurance Policy with Liberty Mutual Insurance Group insuring Directors and Officers against liability which they incur in the performance of their duties as directors of any company within the Group. Insurance cover extends to directors and officers for the expenses of defending legal proceedings and the cost of damages incurred.

Exclusions are liability arising

1. from breach of cannabis legislation or licence and non-medicinal cannabis;
2. from dishonest, fraudulent or criminal act or omission;
3. for unauthorised remuneration or profit;
4. from infringement of intellectual property rights;
5. from actions brought by major Shareholders;
6. from Terrorism and war;
7. which cover or payment of which would expose the insurer to sanction under United Nations, European Union UK or USA resolutions, sanctions or laws;
8. From offering of securities in excess of $5,000,000;
9. from acts committed within the United States of America and Canada.
10. for bodily injury or physical damage
11. for punitive or exemplary damages, except with respect to a securities law violation where permitted by law.
12. for taxes, criminal or civil fines or penalties imposed by law;
13. from matters uninsurable by law
14. for any salary or benefits owed pursuant to the terms of any employment contract.

The insurance contract prohibits further disclosure of the terms of the policy. All directors who voted in favour of authorising the insurance certified that in their opinion, the cost of the insurance is fair to the Company.

## DIRECTORS' REMUNERATION AND OTHER BENEFITS

The following is the remuneration paid to the Directors of Greenfern Industries Limited for the twelve months to 31 March 2024:

| | Total Fees NZ$ | Fees Paid NZ$ | Fees Accrued NZ$ | Other Remuneration NZ$ |
|---|---|---|---|---|
| Daniel Casey | 27,500 | 11,458 | 16,042 | 142,918 |
| Darryl Davies | 30,000 | 6,250 | - | - |
| Elizabeth Plant | 30,000 | 5,000 | - | - |
| Kirsten Taylor | 30,000 | 15,000 | 15,000 | - |
| Marvin Yee | 41,250 | 20,625 | 20,625 | - |
| Philip Wesley Brown | 33,750 | 22,500 | - | - |
| Simon McArley | 37,500 | 21,902 | 15,598 | - |
| **TOTAL** | **230,000** | **102,735** | **67,265** | **142,918** |

The other remuneration of $142,916 for Daniel Casey was his total remuneration, of which, $130,261 was paid in cash as his base salary, and the balance of $12,655 was the value in use for the company's motor vehicle. He has not received any other incentives.

The Directors of Greenfern Industries Limited did not receive any other benefits from Greenfern industries limited in the 12 months to 31 March 2024.

## EMPLOYEES REMUNERATION (EXCLUDING DIRECTORS)

During the year ended 31 March 2024, the number of employees or former employees (not being directors of the company or its subsidiaries) who received remuneration or other benefits in their capacity as employees in excess of $100,000 for the year was as follows:

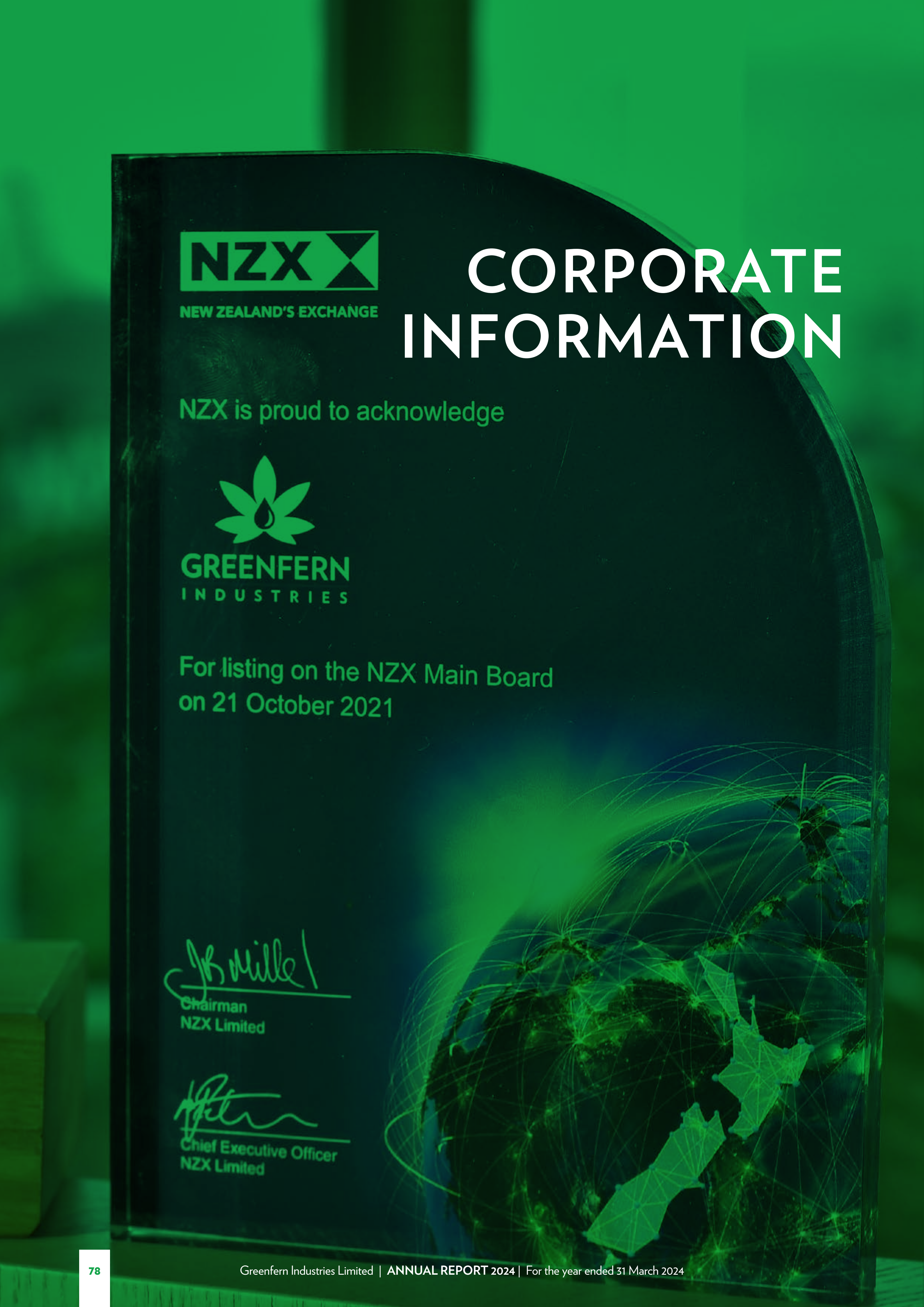
| Remuneration Range | Employees |
|---|---|
| $100,001 to $110,000 | 1 |

One employee received a remuneration above $100,000 in FY2024 as shown in the above table.

## DONATIONS

No donations, whether in cash or otherwise, were made to any party in the financial year ended 31 March 2024.

# CORPORATE INFORMATION



## SOLICITORS

### FLACKS & WONG

PO Box 591
Level 5, Shortland Chambers Building
70 Shortland Street, Auckland

## SHARE REGISTRAR

### COMPUTERSHARE INVESTOR SERVICES LIMITED

Level 2, 159 Hurstmere Road
Private Bag 92-119
Auckland 1142

## AUDITORS

### A D DANIELI AUDIT PTY LIMITED

Level 1, 261 George Street
Sydney
NSW 2000

## BANK

### BNZ BANK

Hamilton Store
Garden Place
354 Victoria Street
Hamilton

Phone 0800 275 269

## GREENFERN INDUSTRIES LIMITED

Security code: GFI

Listed on NZX Market

NZ Company number: 6804155

### HEAD OFFICE / REGISTERED OFFICE

Greenfern Industries Limited
Level 5, 17 Albert St
Auckland 1040
New Zealand

### TELEPHONE

+64 (27) 420 2476

### WEBSITE

www.gfi.nz

# GREENFERN INDUSTRIES

Certified B Corporation

TOITŪ CARBON ZERO ISO 14064-1 ORGANISATION