



**GREENFERN**  
INDUSTRIES

# ANNUAL REPORT 2022

FOR THE YEAR ENDED 31 MARCH 2022





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# BOARD MEMBERS



**Brent King**  
**Chairman of the Board**

Brent was the founder and managing director of Dorchester Pacific Limited and its subsidiary Dorchester Finance Limited, until he resigned in 2005. During his tenure he built that company from zero to over \$480 million in assets and returns of 20% per annum for over 10 years. Dorchester Pacific Limited was a public issuer with a registered prospectus for more than 15 years. During that time Dorchester Pacific Limited and other companies Brent was a director of registered in excess of 100 prospectuses/disclosure documents and companies it sponsored also issued prospectuses.

Brent has also been a director of 42 Below Limited, Finzsoft Solutions Limited, Chow Group Limited, Charlie's Group Limited, the Board of the Eden Park

Trust, Auckland Cricket and New Zealand Cricket. Brent is currently director of General Capital Limited, Corporate Holdings Limited, General Finance Limited, Investment Research Group Limited (IRG), Equity Investment Advisers Limited and King Capital & Investment Corporation Limited. IRG is an NZX sponsor. Mr. King has also held directorships with a number of private companies.

Dan has a background in project management and civil engineering 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 life-cycle 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 has seen him become a successful leader within both 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



**Dan Casey**  
**Managing Director**

the overall management of the business to ensure that it delivers on shareholder and client expectations.

## Board members (continued)



### Philip Brown Independent Director

Philip founded Tenderlink, a tender notification services company, which he sold in 2010 for \$21.6 million. After the sale, Philip built the Novotel New Plymouth Hobson Hotel. Philip was also a founding investor in the Chiefs rugby franchise. Philip has a wealth of experience as a businessman and a property developer. He is passionate about Taranaki and his family and friends live there.



### Marvin Yee Independent Director

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.



### Kirsten Taylor Independent Director

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 lead 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 NZ 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.

## Board members (continued)



**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 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.

In 2018 Darryl co-founded Cannvalate Pty Limited, Australia's first medicinal cannabis company supported and funded primarily by medical professionals. Darryl is currently the Chief Operating Officer and Managing Director of Cannvalate. Cannvalate is Australia's largest provider of medicinal cannabis products. Darryl is also a director of Valens Australia Pty Limited, a subsidiary of the Toronto Stock Exchange listed The Valens Company Inc., a global leader in the development and manufacturing of cannabinoid-based products.

Prior to co-founding Cannvalate, Darryl was Programme Director at The Medicinal Cannabis Leadership Programme, Australia's first comprehensive cannabis education programme, and before that Director of Communications at BuddingTech, a medicinal cannabis accelerator. Darryl has also held senior roles at Stretch-A-Family, an organisation delivering therapeutic programmes to children and young people in foster care placements. Darryl has also been a Board Member of Inaugural Australia Therapeutic Life Story Work, an organisation assisting

children to overcome the trauma of child abuse, and Project Outreach Coordinator at ADDACTION, the largest substance misuse charity in the United Kingdom.



**Darryl Davies**  
**Non-Executive Director**









# DIRECTORS' REPORT

## Background

Greenfern Industries Limited is an entrepreneurial led licensed medicinal cannabis, research and biotechnology company that also has operations spanning into the industrial hemp and hemp food space. They operate primarily from their medicinal cannabis research facility in Normanby, South Taranaki which is powered by their own onsite hydropower station. They also have operations and revenue generating streams within the Australian medicinal cannabis sector. With an arm in the clinical research space Greenfern is currently writing clinical trial protocols to pursue over the counter low dose CBD registered medicines in Australia through the Therapeutic Goods Association. Having a pillar of commitment to environmental sustainability, Greenfern is both a Toitū carbon net zero certified organisation and B-corp certified.

The Directors are pleased to present the results for the year ended 31 March 2022. These results are in line with expectations. Despite having been listed just five months, Greenfern Industries Limited ("GFI") is happy with the progress it has made as a listed public company in this time. Impacted by Covid 19 and ongoing lockdowns in quarter four of 2021, Greenfern was still able to ring the opening bell at NZX HQ in Auckland on the 21st of October 2021.

Strong partnerships are being formed in all areas of the business and the FY2022 will see continued focus and growth on both the medicinal cannabis, biotechnology, hemp and hemp food, hydro power generation and research and development.

## Financial Results Summary

GFI reports a net loss attributable to shareholders of \$2.01 million for the year. This compares with a net loss attributable to shareholders of \$1.26 million for the previous year. The majority of expenses identified as Administration Expenses in the 2022 financial statements were salaries, direct listing fees and advisory fees, which were approximately \$0.49 million, \$0.41 million and \$0.2 million respectively.

Direct costs also included stock cultivation costs of \$0.20 million written off during the year. This was due to the company being unable to turn the stock cultivation costs into saleable inventory due to a flooding event that resulted in damaged items.

The net tangible assets per quoted equity security as at 31 March 2022 was \$0.041812. The comparative figure for the prior year as at 31 March 2021 was \$0.264769.

For the year ended 31 March 2022, the net assets were NZ\$3.56 million, cash and cash equivalents were NZ\$0.85 million, and the property, plant and equipment were NZ\$2 million. The total revenue for the year was NZ\$0.34 million. The market capitalisation was NZ\$13.59 million as at 31 March 2022.

The result was in line with the board's expectations for the year-end and sees GFI further continue to roll-out its strategy to deliver revenue through two segmentations. GFI Chief Financial Officer (CFO) Hao Long said, "The compliance listing in October 2021 was a significant milestone for the company and has provided the platform to continue our future expansion."

The Company's dividend policy is not to pay dividends, and the company is accordingly not proposing to pay any dividends for the year ended 31 March 2022.



## Timeline of achievements in 2021 to current date

|      |            |   |
|------|------------|---|
| 2021 | <b>MAY</b> | First Toitu carbon netzero certified cannabis organisation in NZ  |
| 2021 | <b>JUN</b> | Bio-Resource Processing Alliance (BPA) grant to develop hemp seed by-products into more value-added products with partner Hemp Connect Ltd      |
| 2021 | <b>SEP</b> | Master Services Agreement signed with Australian company Cannvalate Pty Ltd   |
| 2021 | <b>OCT</b> | Compliance listing on the NZX main board  |
| 2021 | <b>NOV</b> | Commencement of distributing of GFI Pharma branded Good Manufacturing Practice (GMP) medicines in Australia                                     |
| 2021 | <b>DEC</b> | Greenfern enter into a heads of agreement contract with Vortex Group limited to upgrade hydro power station                                     |
| 2022 | <b>MAR</b> | Greenfern commences the writing of clinical trial protocols in pursuit of the Australian over-the-counter low dose CBD market worth 250 million |
| 2022 | <b>MAR</b> | Greenfern becomes New Zealand's first certified medicinal cannabis B-Corp Company   |

## Outlook

GFI was previously deemed to operate across three business segments in New Zealand and Australia. However, this was revised to two segments post listing since the Mato and hemp segments turnover was deemed insignificant as stand alone and has now been combined with the cannabis and therapeutics segment.

These segments reflect the different type of industry sectors within which the company operates.

Information regarding the operation of each reportable segment is included below.

### 1. CANNABIS THERAPEUTICS AND BIOTECHNOLOGY

The operations of this segment reflect the activities of manufacturing and distribution of medicinal cannabis products.

### 1.1. GMP MEDICINE PRESCRIPTIONS

Our move and growth into the patient acquisition and prescriber space in Australia has seen the business enjoy a month-on-month new patient growth of 43% with returning patients at a month-on-month rate of 27%. The revenue is increasing at 43% month on month which aligns with strong medicinal cannabis patient uptake and demand in Australia.

GFI are committed to creating shareholder value and see the larger and more advanced Australian market to be a key to this and for their future growth plans. We are also striving to bring these same GMP medicines to New Zealand in FY22 and are looking at avenues in which to make this transition as the industry steadily matures in New Zealand.

### 1.2. CLINICAL TRIAL PATHWAY

Greenfern has commenced the writing of clinical trial protocols. In February of 2021 the Australian Therapeutics Goods Administration (TGA) made it legal to purchase

## Directors' report (continued)

products containing low dose (less than 150mg per day) of cannabidiol (CBD) over the counter. This down scheduled the substance from a Schedule 4 (prescription medicine) to a Schedule 3 (S3), pharmacist only medicine, meaning people with certain ailments could now go to the pharmacist and purchase CBD. However, S3 products must first be approved by the TGA and be included on the Australian Register of Therapeutic Goods (ARTG) before they can be supplied. This has created a sizable challenge for organisations pursuing S3 registration as applications must be supported by data demonstrating the quality, safety, and efficacy of the medicine.

This market is estimated to be worth up to \$250 million at market maturity and could capture up to 2 million consumers.

Greenfern will look to increase their presence in the biotechnology and clinical research space in FY2022 and FY 2023.

### 1.3. MEDICINAL CANNABIS CULTIVATION

Greenfern renewed its commercial cannabis licence in December 2021 and continues with its research and development in its stage one pilot facility. Discussions with several overseas buyers are well underway while management continues to stabilise desired genetics for the overseas market. Greenfern will look to scale this operation into their already constructed and larger stage 2 facility as demand and orders require. Further funding will be required for this fit out however the cost price power supply that Greenfern enjoys from the onsite hydro power station has been proven that cannabis can be produced at an extremely competitive price. This is projected to be reduced further at larger scale operations.

### 2. ELECTRICITY GENERATION

This segment includes the generation and distribution of electricity.

Greenfern has entered into an exclusive Heads of Agreement with Rotorua-based Vortex Group to negotiate a development agreement that could see the two companies jointly develop and upgrade the renewable energy hydropower generation plant at Normanby, Taranaki for their mutual benefit. Greenfern purchased the asset in December 2020 for \$750,000 and utilises it for generating renewable power to their onsite cannabis cultivation facility and selling surplus power back to the national grid for additional revenue.

The development would see the asset increase generation capacity from the current 250Kw up to ~950Kw and see the asset book value increase to approximately \$3,500,000 of which Greenfern and Vortex would each own a 50% stake.

### 3. CORPORATE DIVISION

The corporate division comprises the overheads of running the listed parent company. There have been no significant movements in the division compared to the year ended 31 March 2021.

On behalf of the Board of Directors



**Brent Douglas King**  
Chairman



**Daniel John Casey**  
Chairman





# 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.

The Company was listed on the NZX main board equity security market on 21 October 2021. The Board regularly reviews and assesses the Company’s governance structures to ensure that they are consistent, both in form and in substance, with best practices. The information in this report is current as of the date of this report and has been approved by the Board. The Board framework and governance practices for the year ended 31 March 2022 have complied with the requirements of the NZX rules.

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

**The Governance Code contains eight (8) principles and various recommendations for each principle. The Board has reported on the Company’s compliance with each of the recommendations which are included on the following pages.**

### Principal 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 2022:

The Board has a strong belief that ethical behaviour is paramount 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’s code of ethics complies with the recommendation in full. Employees are required to read the code of ethics, and periodic training will be provided. The Code of Ethics has been published on GFI’s website at <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 2022:

The Board had a Financial Products 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 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.



## Corporate governance statement (continued)

As at 31 March 2022, the Board comprised of the following directors:

|                |                       |
|----------------|-----------------------|
| Brent King     | Non-Executive (Chair) |
| Darryl Davies  | Non-Executive         |
| Daniel Casey   | Executive Director    |
| Simon McArley  | Independent           |
| Kirsten Taylor | Independent           |
| Marvin Yee     | Independent           |
| Philip Brown   | Independent           |

Simon McArley, Kirsten Taylor, Marvin Yee and Philip Brown have been identified as independent directors. GFI has considered the non-exhaustive factors described in NZX Corporate Governance Code that may impact directors' independence before determining the independence of directors. All of the above independent directors do not have a material relationship with GFI and are not involved in the day-to-day operation.

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

### Board Meetings

The Board met 11 times during the year, 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 |
|----------------|-------------------|---------------|
| Brent King     | 11                | 11            |
| Simon McArley  | 11                | 11            |
| Kirsten Taylor | 11                | 11            |
| Marvin Yee     | 4                 | 11            |
| Daniel Casey   | 11                | 11            |
| Philip Brown   | 11                | 11            |
| Darryl Davies  | 11                | 11            |

### 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 2022:

The Board adopted a Board Charter on listing which 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 2022:

A draft Nomination and Appointment Procedure has been provided to management for comment. Due to limitations on resources these have not been finalised by the date of this report. These documents are expected to comply with the recommendation and once the policy has been finalised and adopted they 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 2022:

GFI complied with this requirement during the year for each newly appointed director.

### RECOMMENDATION 2.4

Every issuer should disclose information about each director in its annual report or on its website, including a profile of experience, length of service, independence and ownership interests and director attendance at board meetings.

Compliance with recommendation during the year ended 31 March 2022:

All of the information detailed in the recommendation is included in the Annual Report and can be found in the Directors Profiles, Corporate Governance Statement and Shareholder and Statutory Information sections.

## Corporate governance statement (continued)

### 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. The issuer should disclose the policy or a summary of it.**

Compliance with recommendation during the year ended 31 March 2022:

As a start-up company, GFI had no formal written Diversity Policy in place on listing on the NZX main board in October 2021. However, the board recognises the wide-ranging benefits that diversity brings to an organisation. A draft of Diversity Policy has been provided to management. Due to limitations on resources this has not been finalised by the date of this report.

This document is expected to comply with the recommendation and once the policy has been finalised it will be published on GFI's website.

The gender composition of the Company's directors and officers is included below.

#### Gender Diversity

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

|              | as at March 2022 |          | as at March 2021 |          |
|--------------|------------------|----------|------------------|----------|
|              | Directors        | Officers | Directors        | Officers |
| Female       | 1                | 0        | 0                | 0        |
| Male         | 6                | 2        | 2                | 1        |
| <b>Total</b> | <b>7</b>         | <b>2</b> | <b>2</b>         | <b>1</b> |

\*Officers excludes any directors of the Company.

### 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 2022:

GFI's 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 2022:

Director and Board performance is considered crucial to the success of GFI and its subsidiaries. However, as a start-up company, GFI had no written Performance Evaluation Procedure on listing. A draft Performance Evaluation Procedure has been provided to management. Due to limitations on resources this has not been finalised by the date of this report. This document is expected to comply with the recommendation and once the policy is finalised it will be published on GFI's website.

The Board intends to regularly review its performance and the performance of its members. This includes an assessment of whether the composition of the board is adequate and whether any training is needed for Directors.

### RECOMMENDATION 2.8

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

Compliance with recommendation during the year ended 31 March 2022:

As detailed in the Board Composition section above, 4 of the 7 Directors have been identified as Independent Directors of the Company. Of the 3 remaining directors, 2 are Non-executive Directors.

The Board consider that the current composition of the Board during the year was satisfactory to make decisions in the best interests of GFI and its shareholders. Any directors who are conflicted on matters are unable to participate in the decisions made in relation to those matters.

### RECOMMENDATION 2.9

**An issuer should have an independent chair of the board. If the chair is not independent, the chair and CEO should be different people.**

Compliance with recommendation during the year ended 31 March 2022:

Brent King is the Chairman of GFI and is not independent. Daniel Casey is the Managing Director (CEO). Although GFI has no independent Chairman, the Chairman and the CEO are different people.



### 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 2022:

The GFI Audit Committee has been established to focus on audit and risk management and specifically addresses the responsibilities relative to the financial reporting and regulatory conformance.

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 3 meetings during the year. The Audit Committee comprises the following members:**

|                       |  | Meetings held | Meetings attended |
|-----------------------|--|---------------|-------------------|
| <b>Simon McArley</b>  | (Chair of Audit Committee, Independent Director) | 3             | 3                 |
| <b>Kirsten Taylor</b> | (Independent Director)                           | 3             | 3                 |
| <b>Marvin Yee</b>     | (Independent Director)                           | 3             | 3                 |
| <b>Philip Brown</b>   | (Independent Director)                           | 3             | 3                 |
| <b>Brent King</b>     | (Non-executive Director)                         | 3             | 3                 |

**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 a majority of independent and non-executive directors. Brent King has a financial background in accordance with the requirements of NZX Listing Rule 2.13.2.

GFI’s Audit Committee Charter was adopted on listing and has been published on GFI’s website at <https://gfi.nz>.

#### 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 2022:

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 2022:

Remuneration committee responsibilities were dealt with by the full Board during the year ended 31 March 2022. Management only attended meetings at the invitation of the Board.

### 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 2022:

Nomination committee responsibilities were dealt with by the full Board during the year ended 31 March 2022.

### 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 2022:

Having regard to the scale of the company's business and the limitations on resources, the Board does not consider it necessary to have any other board committees during the year. The Board will review this position regularly.

### 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 2022:

In the event of a takeover bid, the Board would have determined the appropriate actions to take including the scope of independent advisory reports to shareholders, and whether an independent takeover committee should be established.

A draft Takeover Response Procedure, has been provided to management for review. Due to limitations on resources this has not been finalised at the date of this report. Once forward the procedure is expected to comply with the recommendation. Related policies and procedures will be published to the Company's website once finalised.

## PRINCIPLE 4 – Reporting & 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 2022:

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.

GFI has a written continuous disclosure policy that complies with the recommendation.

### 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 2022:

GFI's Code of Ethics, Board Charter and Audit Committee Charter are available on GFI's website at <https://gfi.nz>. GFI's other key governance policies and procedures are currently being finalised. Once the governance policies have been finalised, they will be published to GFI's website.

### RECOMMENDATION 4.3

**Financial reporting should be balanced, clear and objective. 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 2022:



### Financial Reporting

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 2022, the Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company 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 the Company's financial reports present a true and fair view in all material aspects.

### Non-financial reporting

Due to its current size, the Company 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 matters (ESG). The Company does not currently have a formal ESG reporting framework, however this is being considered by the Board with the intention that the Company will report on these non-financial matters in the future. GFI was granted B-Corp certification in March 2021.

## PRINCIPLE 5 – Remuneration

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

### RECOMMENDATION 5.1

**An issuer should recommend director remuneration packages 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 2022:

Directors' remuneration package was approved by shareholders during the year. Director remuneration is disclosed in the Shareholder and Statutory Information section of the Annual Report.

### RECOMMENDATION 5.2

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

Compliance with recommendation during the year ended 31 March 2022:

As a start-up company, GFI had no written Remuneration Policy on listing. A draft Remuneration Policy has been provided to management. Due to limitations on resources this has not been finalised by the date of this report. This documents is expected to comply with the recommendation and once finalised it 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 2022:

Information in relation to the remuneration arrangements in place for Daniel Casey (Managing Director) is included in the Shareholder and Statutory Information section of the Annual Report. Daniel Casey received a director fee of \$15,000, and a salary of \$161,200. Additionally, a value of \$148,800 shadow shares were converted to ordinary shares during the year.

## 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 these are being managed.**

## Corporate governance statement (continued)

Compliance with recommendation during the year ended 31 March 2022:

As a start-up company GFI had no formal Risk Management Framework in place on listing on the NZX main board in October 2021. Management is in the process of formulating a comprehensive written Risk Management Framework that complies with the recommendation. Due to limitations on resources this has not been completed at the date of this report.

The Company 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. The executive team and senior management are required to regularly identify the major risks affecting the business and develop structures, practices and processes to manage and monitor these risks.

### 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 2022:

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

The Board is responsible for ensuring that the systems used to identify and manage health and safety risks are fit for purpose, being effectively implemented, regularly reviewed and continuously improved.

## 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 be 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 2022:

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

For the financial year ended 31 March 2022, Crowe New Zealand Audit Partnership was the external auditor for the Company and was appointed under the Companies Act 1993. The statutory audit services are fully separated from non-audit services to ensure that appropriate independence is maintained. The amount of fees paid to Crowe for audit and other services are identified in the notes to the consolidated financial statements.

Crowe has provided the Board with written confirmation that, in their view, they were able to operate independently during the year.

### 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 2022:

Crowe will be invited to attend the annual meeting, and the lead audit partner is 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 2022:

GFI and its subsidiaries have internal controls in place including monitoring and checking that internal controls are operating effectively. GFI did not have a dedicated internal



## Corporate governance statement (continued)

auditor role during the period. Due to the size and scale of GFI's business and the limitations on its resources, the Board does not believe it is practical to establish an internal audit function. The Board will review this decision periodically.

### 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 2022:

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

#### RECOMMENDATION 8.2

**An issuer should allow investors the ability to easily communicate with the issuer, including providing the option to receive communications from the issuer electronically.**

Compliance with recommendation during the year ended 31 March 2022:

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

#### RECOMMENDATION 8.3

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

Compliance with recommendation during the year ended 31 March 2022:

Shareholders have been given the right to vote on all major decisions in line with the NZX Rules during the year ended 31 March 2022.

#### 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 2022:

GFI has sought additional equity capital through wholesale placements, which were not offered to equity security holders of the same class on a pro rata basis. However, the wholesale offers were not made on terms more favourable than offers to existing holders. In future capital raising activities, GFI will consider offering equity security holders of the same class on a pro rata basis and on no less favourable terms. However, the cost of compliance with regulatory requirements may preclude making such an offer.

#### 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 2022:

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 meeting dates.



GREENFERN  
INDUSTRIES

# CONSOLIDATED FINANCIAL STATEMENTS



## Consolidated statement of comprehensive income for the year ended 31 march 2022

|  | Notes | 2022<br>NZ\$ | 2021<br>NZ\$ |
|--|-------|--------------|--------------|
| Operating Revenue                            | 2     | 213,354      | 46,781       |
| Cost of Sales                                |       | (207,210)    | (12,380)     |
| <b>Gross profit</b>                          |       | 6,144        | 34,401       |
| Other Income                                 | 2     | 123,379      | 37,432       |
| <b>Expenses</b>                              |       |              |              |
| Selling and Distribution Expenses            | 3     | (41,887)     | (141,611)    |
| Administration Expenses                      | 3     | (2,099,717)  | (1,158,260)  |
|  |       | (2,141,604)  | (1,299,871)  |
| <b>Operating loss</b>                        |       | (2,012,081)  | (1,228,038)  |
| Finance Expense                              | 3     | (159)        | (27,743)     |
|  |       | (159)        | (27,743)     |
| <b>Loss before income tax</b>                |       | (2,012,240)  | (1,255,781)  |
| Income tax expense/(benefit)                 | 4     | -            | -            |
| <b>Loss for the year</b>                     |       | (2,012,240)  | (1,255,781)  |
| Other comprehensive income                   |       | -            | -            |
| <b>Total comprehensive loss for the year</b> |       | (2,012,240)  | (1,255,781)  |
| <b>Loss per share:</b>                       |       |              |              |
| Basic and Diluted Earning per share in NZ\$  | 5     | (0.04289)    | (0.16068)    |

The final financial statements are to be read in conjunction with the notes to the financial statements set out on pages 25 to 56.

## Consolidated statement of financial position as at 31 march 2022

|   | Notes | 2022<br>NZ\$     | 2021<br>NZ\$     |
|---|-------|------------------|------------------|
| <b>SHAREHOLDERS EQUITY</b>                                      |       |                  |                  |
| Issued share capital  | 6     | 8,588,273        | 5,363,473        |
| Accumulated losses  |       | (5,024,177)      | (3,011,937)      |
| <b>Total Equity attributable to shareholders of the company</b> |       | <b>3,564,096</b> | <b>2,351,536</b> |
| <i>Represented by:</i>  |       |                  |                  |
| <b>CURRENT ASSETS</b>   |       |                  |                  |
| Cash and cash equivalents                                       | 7     | 849,361          | 1,297,054        |
| Trade, other and related party receivables                      | 8     | 38,914           | 14,163           |
| Bartercard  | 12    | 100,000          | -                |
| Inventories   | 10    | -                | 48,430           |
| Prepayments and other current assets                            | 9     | 663,815          | 285,842          |
| <b>Total current assets</b>                                     |       | <b>1,652,090</b> | <b>1,645,489</b> |
| <b>NON-CURRENT ASSETS</b>                                       |       |                  |                  |
| Prepayments and other non-current assets                        | 9     | 2,500            | 72,917           |
| Other financial assets  | 14    | 161,117          | 14,200           |
| Bartercard  | 12    | 93,619           | 75,027           |
| Property, plant and equipment                                   | 11    | 1,999,238        | 1,605,535        |
| Intangible assets   | 13    | 11,727           | 2,877            |
| <b>Total non-current assets</b>                                 |       | <b>2,268,201</b> | <b>1,770,556</b> |
| <b>Total assets</b>   |       | <b>3,920,291</b> | <b>3,416,045</b> |
| <b>CURRENT LIABILITIES</b>                                      |       |                  |                  |
| Trade, other and related party payables                         | 16    | 356,195          | 131,009          |
| <b>Total current liabilities</b>                                |       | <b>356,195</b>   | <b>131,009</b>   |
| <b>NON-CURRENT LIABILITIES</b>                                  |       |                  |                  |
| Other liabilities   | 24    | -                | 933,500          |
| <b>Total non-current liabilities</b>                            |       | <b>-</b>         | <b>933,500</b>   |
| <b>Total liabilities</b>  |       | <b>356,195</b>   | <b>1,064,509</b> |
| <b>Net assets</b>   |       | <b>3,564,096</b> | <b>2,351,536</b> |

For and behalf of the Board, dated 01/07/2022



Director



Director

The final financial statements are to be read in conjunction with the notes to the financial statements set out on pages 25 to 56.

## Consolidated statement of changes in equity for the year ended 31 March 2022

|  | Note | Issued Share<br>Capital<br>NZ\$ | Accumulated<br>Loss<br>NZ\$ | Total<br>NZ\$    |
|--|------|---------------------------------|-----------------------------|------------------|
| <b>Balance as at 1 April 2020</b>                |      | <b>2,328,139</b>                | <b>(1,756,156)</b>          | <b>571,983</b>   |
| <b>Comprehensive income</b>                      |      |                                 |                             |                  |
| Net loss for the financial year                  |      | -                               | (1,255,781)                 | (1,255,781)      |
| <b>Total comprehensive income</b>                |      | -                               | (1,255,781)                 | (1,255,781)      |
| <b>Transactions with owners</b>                  |      |                                 |                             |                  |
| Contributions of equity net of transaction costs | 6    | 3,035,334                       | -                           | 3,035,334        |
| <b>Total transactions with owners</b>            |      | <b>3,035,334</b>                | <b>-</b>                    | <b>3,035,334</b> |
| <b>Balance as at 31 March 2021(audited)</b>      |      | <b>5,363,473</b>                | <b>(3,011,937)</b>          | <b>2,351,536</b> |
| <b>Comprehensive income</b>                      |      |                                 |                             |                  |
| Net loss for the financial period                |      | -                               | (2,012,240)                 | (2,012,240)      |
| <b>Total comprehensive income/(loss)</b>         |      | -                               | (2,012,240)                 | (2,012,240)      |
| <b>Transactions with owners</b>                  |      |                                 |                             |                  |
| Contributions of equity net of transaction costs | 6    | 3,224,800                       | -                           | 3,224,800        |
| <b>Total transactions with owners</b>            |      | <b>3,224,800</b>                | <b>-</b>                    | <b>3,224,800</b> |
| <b>Balance as at 31 March 2022</b>               |      | <b>8,588,273</b>                | <b>(5,024,177)</b>          | <b>3,564,096</b> |

The final financial statements are to be read in conjunction with the notes to the financial statements set out on pages 25 to 56.



## Consolidated statement of cash flows for the year ended 31 March 2022

|  | Notes | 2022<br>NZ\$ | 2021<br>NZ\$ |
|--|-------|--------------|--------------|
| <b>Cash flows from operating activities</b>                              |       |              |              |
| <i>Cash was received from:</i>   |       |              |              |
| Receipts from customers  |       | 188,601      | 17,149       |
| Other income received  | 2     | 16,462       | 37,432       |
| <i>Cash was applied to:</i>  |       |              |              |
| Payments to suppliers and employees                                      |       | (2,283,096)  | (1,047,718)  |
| Interest paid  | 3     | (159)        | (27,743)     |
| Net cash outflow from operating activities                               |       | (2,078,192)  | (1,020,880)  |
| <b>Cash flows from investing activities</b>                              |       |              |              |
| <i>Cash was received from:</i>   |       |              |              |
| Proceeds from sale of financial assets                                   | 14    | 10,000       | -            |
| <i>Cash was applied to:</i>  |       |              |              |
| Purchase of property, plant and equipment                                | 11    | (488,633)    | (1,263,501)  |
| Purchase of intangible assets  | 13    | (9,500)      | (662)        |
| Purchase of financial assets   | 14    | (50,000)     | (10,000)     |
| Net cash inflow/(outflow) from investing activities                      |       | (538,133)    | (1,274,163)  |
| <b>Cash flows from financing activities</b>                              |       |              |              |
| <i>Cash was received from:</i>   |       |              |              |
| Proceeds from share issue  |       | 2,171,300    | 2,905,337    |
| Payment for lease liabilities-Principal                                  |       | -            | (5,177)      |
| <i>Cash was applied to:</i>  |       |              |              |
| Payment for share issue transaction costs                                |       |              | 300,300      |
| Net cash inflow from financing activities                                |       | 2,171,300    | 2,600,160    |
| <b>Net decrease in cash and cash equivalents</b>                         |       | (445,026)    | 305,117      |
| Foreign exchange currency translation on amounts due in foreign currency |       | (2,667)      | -            |
| <b>Cash and cash equivalents at the beginning of the year</b>            |       | 1,297,054    | 991,937      |
| <b>Cash and cash equivalents at the end of the year</b>                  |       | 849,361      | 1,297,054    |

The final financial statements are to be read in conjunction with the notes to the financial statements set out on pages 25 to 56.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 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 2022 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 wholesaler 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 01/07/2022. 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.

# Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

## 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:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

## 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 in Note 1.25 to the financial statements.

### 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 2022 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.

### 1.5 GOING CONCERN

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

The Group is considered to be in its start-up phase and as such the Group has reported a loss for the 2022 year of \$2,012,240 (2021: loss of \$1,255,781) and operating cash outflows for the 2022 year \$2,078,193 (2021: \$1,020,880).

The key factors the Directors considered in determining that the Going Concern assumption was appropriate include:

1. The Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.
2. At 31 March 2022, the Group has positive working capital of \$1,295,895 (2021: \$1,514,480).
3. The Group's sales have increased during the 2022 year.
4. The Group raised equity of approximately \$2.3 million through wholesale placements of shares for the year ended 31 March 2022.
5. In assessing the adoption of the going concern principle in the preparation of the financial statements, the Directors have reviewed cash flow forecasts for the 20 months from the date of signing the financial statements.

The Group has forecast a net cash outflow for the 12 months from sign-off, which will require capital to be raised in order for the Group to remain solvent. The Group has forecast a capital raise of \$2.3million net of transaction costs as detailed below.

- a temporary line of credit of \$0.6 million will be available in July 2022, which will be repaid in November 2022.
- an amount of \$0.3 million to be provided by shareholders in August 2022.
- another \$0.3 million from new wholesale investors in August 2022.
- \$2 million of crowdfunding in November 2022.

Directors have considered the going concern assumption of the Company, for the 12 months from the date of signing the financial statements, to be reliant on the success of the above mentioned capital raise.

With its successful financing experience and management's influence, the Group is confident in its future operations, which includes the ability to raise capital.



## Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

Given the nature of the judgments, there is a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern, and therefore whether the Group will realise its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of assets carrying amount or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

### 1.6 FOREIGN CURRENCY

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.

Transactions in foreign currencies of entities within the consolidated Group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

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 are recognised in total comprehensive income.

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

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Inland Revenue. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. 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 hemp products and power generation. Other sources of income includes the R & D tax credit.

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 and wholesaler of therapeutic 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

## Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

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.

### ELECTRICITY GENERATION REVENUE

The company generates and sells energy into the wholesale markets. 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 the Group operates and generates taxable income in.

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 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.

### CLASSIFICATION OF FINANCIAL ASSETS

Financial assets recognised by the Group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income in accordance with the relevant criteria in NZ IFRS 9.

Financial assets not irrevocably designated on initial recognition are classified as subsequently measured at amortised cost or fair value through profit or loss (FVtPL) on the basis of both:

- the Group's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.



# Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

## CLASSIFICATION OF FINANCIAL LIABILITIES

Financial liabilities classified as held-for-trading, contingent consideration payable by the Group for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the Group are subsequently measured at amortised cost.

## TRADE AND OTHER RECEIVABLES

Trade and other receivables arise from the Group's transactions with its customers and are normally settled within 30 days.

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.

### 1.13 BARTERCARD

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. The assets are recognised at cost less accumulated impairment losses. 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.

### 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:

|                           |           |                   |
|---------------------------|-----------|-------------------|
| Assets under Construction | 0%        | Not Depreciated   |
| Plant & Equipment         | 13.5%-67% | Diminishing Value |
| Facility Taranaki         | 2% - 40%  | Diminishing Value |
| Facility Otago            | 8% - 13%  | Diminishing Value |
| Power Station             | 2% - 40%  | Diminishing Value |

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 and Taranaki Facility. The company has not depreciated items included under this asset category during the 2022 year. Items under assets under construction are measured at cost.

# Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

## 1.15 INTANGIBLE ASSETS

Intangible assets comprise of the trademarks, the graphic design of the products brand and patient acquisition fees. 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, other and related party 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.

# Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

## 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 SHADOW SHARES

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees are granted shadow shares under a shadow equity arrangement, which are settled in cash (cash-settled transactions).

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. This requires a reassessment of the estimates used at the end of each reporting period.

This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using an appropriate valuation model.



# Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

## 1.22 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 the 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 an 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.

## 1.23 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.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

## 1.24 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.

## Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

### 1.25 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, OTHER AND RELATED PARTY 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, other and related party receivables has been recognised in the 2022 year .

### 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.

### 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.

### 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 2022 year.

## Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

### 2. REVENUE

|   | Note | 2022<br>\$     | 2021<br>\$    |
|---|------|----------------|---------------|
| <b>Operating revenue - at point in time</b> |      |                |               |
| Sales - Hemp Meal                           |      | 17,270         | -             |
| Sales - MaTo                                |      | 3,304          | 17,149        |
| Sales - Medicinal Cannabis                  | 18   | 118,918        | -             |
| Sales - Electricity                         |      | 58,909         | -             |
| Other Income                                |      | 14,953         | 29,631        |
| <b>Total operating revenue</b>              |      | <b>213,354</b> | <b>46,781</b> |
| <b>Other income</b>                         |      |                |               |
| Covid-19 Wage Subsidy                       |      | -              | 37,432        |
| Research and Development Tax Credit         |      | 16,462         | -             |
| Fair Value Gain on Other Financial Assets   | 15   | 106,917        | -             |
| <b>Total other income</b>                   |      | <b>123,379</b> | <b>37,432</b> |
| <b>Total Income</b>                         |      | <b>336,733</b> | <b>84,213</b> |

#### 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).

#### 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 -<br>at point in time<br>NZ\$ | Sales of<br>Electricity - at<br>point in time<br>NZ\$ | Total<br>NZ\$  |
|--------------------------|--|---|----------------|
| <b>31 March 2022</b>     |  |   |                |
| Australia                | 118,918                                      | -   | 118,918        |
| New Zealand              | 35,527                                       | 58,909  | 94,436         |
| <b>Operating Revenue</b> | <b>154,445</b>                               | <b>58,909</b>   | <b>213,354</b> |
| <b>31 March 2021</b>     |  |   |                |
| Australia                | -  | -   | -              |
| New Zealand              | 46,781                                       | -   | 46,781         |
| <b>Operating Revenue</b> | <b>46,781</b>                                | <b>-</b>  | <b>46,781</b>  |



## Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

### 3. EXPENSES

|  | Note | 2022<br>NZ\$ | 2021<br>NZ\$ |
|--|------|--------------|--------------|
| <b>Included in Selling and Distribution Expenses</b>                               |      |              |              |
| Marketing & Advertising  |      | 28,410       | 129,055      |
| Public Relations Expenses  |      | 9,305        | 11,099       |
| <b>Included in Administration Expenses</b>   |      |              |              |
| Amortisation of Intangible Assets  | 13   | 650          | 300          |
| Consulting - Overseas  |      | 30,955       | 4,218        |
| Depreciation - Property, Plant and Equipment                                       | 11   | 105,945      | 40,176       |
| Depreciation - Right of Use Assets   |      | -            | 12,551       |
| Direct Listing Fees  |      | 414,520      | -            |
| Directors Fees   | 18   | 120,753      | -            |
| Fair Value Loss on Shadow Shares   | 24   | -            | 97,474       |
| Insurance  |      | 55,032       | 1,043        |
| Legal Fees   |      | 52,514       | 17,826       |
| Licence Fees   |      | 22,343       | 17,483       |
| Low Value Assets   |      | 46,673       | 4,547        |
| Project Management Fees  |      | 118,157      | 222,206      |
| Rent   | 25   | 30,720       | 3,470        |
| Repairs and Maintenance  |      | 39,300       | -            |
| Research and Development Expenses  |      | 167,046      | 47,830       |
| Salaries   |      | 498,964      | 178,620      |
| Secretarial & Accounting Fees  |      | 58,871       | 52,753       |
| Share Register Expense   |      | 27,480       | -            |
| Strategic Advisory   |      | 158,600      | 196,423      |
| Travel - National  |      | 19,333       | 27,577       |
| <b>Auditors' remuneration</b>  |      |              |              |
| Crowe New Zealand Audit Partnership - Audit of financial statements                |      | 67,450       | 31,500       |
| MSN Audit Limited - Accounting and audit for FY2021 for Greenfern Thailand Limited |      | 1,757        | -            |
|  |      | 69,207       | 31,500       |
| <b>Finance costs</b>   |      |              |              |
| Lease interest   |      | -            | 27,432       |
| Other interest paid  |      | 159          | 311          |
|  |      | 159          | 27,743       |

The auditors of the financial statements for 2022 were Crowe New Zealand Audit Partnership (2021: Crowe New Zealand Audit Partnership).

Direct costs include stock cultivation costs that the company was unable to turn into saleable inventory due to a flooding event that resulted in damaged items.

## Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

### 4. INCOME TAX EXPENSE

| 4.1. Components of Income tax expense  | 2022<br>NZ\$ | 2021<br>NZ\$ |
|--|--------------|--------------|
| Current year income tax charge   | -            | -            |
| Deferred tax movements   | -            | -            |
| Income tax expense   | -            | -            |
| <b>Reconciliation of effective tax rate</b>  |              |              |
| Profit / (loss) before income tax  | (2,012,240)  | (1,255,781)  |
| Income tax expense/(benefit) calculated at 28%   | (563,427)    | (351,619)    |
| Expected income expense / (benefit)  | (563,427)    | (351,619)    |
| <b>Adjustments</b>   |              |              |
| Non deductible expenses  | 144,183      | 111,141      |
| Non taxable income   | (34,546)     | -            |
| Deferred tax movements relating to origination and reversal of temporary differences including adjustments to deferred tax | 319,901      | 130,053      |
| Losses not recognised and carried forward  | 773,691      | 110,425      |
| <b>Income tax expense</b>  | <b>-</b>     | <b>-</b>     |

The tax rate used for the reconciliation above is the corporate tax rate of 28% (2021: 28%) payable by New Zealand corporate entities on taxable profits under New Zealand tax law.

| 4.2 Deferred tax assets and liabilities                       | 2022<br>NZ\$ | 2021<br>NZ\$ |
|---|--------------|--------------|
| Deferred tax assets/(liabilities) arising from the following: |              |              |
| Unused tax losses   | 1,180,117    | 406,426      |
| Provisions and accruals                                       | 23,831       | 18,620       |
| Deferred tax not recognised                                   | (1,203,948)  | (425,046)    |
| <b>Deferred tax assets as at 31 March</b>                     | <b>-</b>     | <b>-</b>     |

#### Deferred tax assets and liabilities

|                             | Opening Balance<br>1 April<br>NZ\$ | Movements<br>NZ\$ | Balance as at<br>31 March<br>NZ\$ |
|-----------------------------|------------------------------------|-------------------|-----------------------------------|
| <b>31 March 2021</b>        |                                    |                   |                                   |
| Unused tax losses           | 296,005                            | 110,421           | 406,426                           |
| Provisions and accruals     | -                                  | 18,620            | 18,620                            |
| Deferred tax not recognised | (296,005)                          | (129,041)         | (425,046)                         |
|                             | -                                  | -                 | -                                 |
| <b>31 March 2022</b>        |                                    |                   |                                   |
| Unused tax losses           | 406,426                            | 773,691           | 1,180,117                         |
| Provisions and accruals     | 18,620                             | 5,211             | 23,831                            |
| Deferred tax not recognised | (425,046)                          | (778,902)         | (1,203,948)                       |
|                             | -                                  | -                 | -                                 |

## Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

### 4. INCOME TAX EXPENSE (continued)

The above amounts are tax effected balances. Obtaining the benefits of the deferred tax assets is dependent upon deriving sufficient assessable income and the Group have assessed that there will not be sufficient taxable income with which to utilise the asset based on the forecasts provided.

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 \$1,203,948 on its Statement of Financial Position as at reporting date as the Group has determined that the utilisation of deferred tax assets is not probable. 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:

|  | 2022<br>NZ\$ | 2021<br>NZ\$ |
|--|--------------|--------------|
| Basic earnings per share   |              |              |
| Profit/ (Loss) after taxation attributable to equity holders of the parent | (2,012,240)  | (1,255,781)  |
| Weighted Average number of ordinary shares on issue                        | 46,915,491   | 7,815,450    |
| Basic and Diluted Earning per share in NZ\$                                | (0.04289)    | (0.16068)    |

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

| Balance as at 31 March 2021                      | Shares Issued     | NZ\$             |
|--|-------------------|------------------|
| Balance at 1 April 2020                          |                   |                  |
| Ordinary shares on issue                         | 7,205,983         | 2,328,139        |
| <b>Ordinary shares on issue at 1 April 2020</b>  | <b>7,205,983</b>  | <b>2,328,139</b> |
| <b>Movement for 2021 financial year</b>          |                   |                  |
| Ordinary shares authorised and issued            | 1,664,615         | 3,035,334        |
| <b>Ordinary shares on issue at 31 March 2021</b> | <b>8,870,598</b>  | <b>5,363,473</b> |
| <b>Movement for 2022 financial year</b>          |                   |                  |
| Ordinary shares authorised and issued            | 76,089,786        | 3,224,800        |
| <b>Ordinary shares on issue at 31 March 2022</b> | <b>84,960,384</b> | <b>8,588,273</b> |



## Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

### 6. AUTHORISED AND ISSUED SHARE CAPITAL (continued)

An 8 for 1 share split was undertaken by the company prior to listing at 21st October 2021.

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 2022 (2021: \$nil).

### 7 CASH AND CASH EQUIVALENTS

|  | 2022<br>NZ\$   | 2021<br>NZ\$     |
|--|----------------|------------------|
| Cash at bank and on hand               | 849,361        | 1,297,054        |
| <b>Total cash and cash equivalents</b> | <b>849,361</b> | <b>1,297,054</b> |

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

### 8. TRADE, OTHER AND RELATED PARTY RECEIVABLES

|  | Note | 2022<br>NZ\$  | 2021<br>NZ\$  |
|--|------|---------------|---------------|
| Trade receivables - third parties                      |      | 10,165        | 12,163        |
| Trade receivables - related parties                    | 18   | 28,749        | -             |
| Other receivables                                      |      | -             | 2,000         |
|  |      | <b>38,914</b> | <b>14,163</b> |
| Allowance for impairment losses                        |      | -             | -             |
| <b>Total trade and related party receivables</b>       |      | <b>38,914</b> | <b>14,163</b> |
|  |      | 2022<br>NZ\$  | 2021<br>NZ\$  |
| <b>Analysis of trade and related party receivables</b> |      |               |               |
| Current  |      | 27,882        | 4,447         |
| Past due 0-30  |      | 3,220         | 8,511         |
| Past due 31-90   |      | 3,443         | 288           |
| Past due more than 90                                  |      | 4,369         | 918           |
|  |      | <b>38,914</b> | <b>14,163</b> |

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 18.

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.

## Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

### 8. TRADE, OTHER AND RELATED PARTY RECEIVABLES (continued)

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 (2021: \$nil).

### 9. PREPAYMENTS AND OTHER CURRENT ASSETS

|                                | Note | 2022<br>NZ\$   | 2021<br>NZ\$   |
|--------------------------------|------|----------------|----------------|
| <b>Current Prepayments</b>     |      |                |                |
| Advances to related party      | 18   | 346,912        | 125,000        |
| Prepayments to other suppliers |      | 156,345        | -              |
| Taxation receivable            |      | -              | 6,349          |
| GST receivable                 |      | 160,558        | 154,493        |
| Total current prepayments      |      | <u>663,815</u> | <u>285,842</u> |
| <b>Non-current Prepayments</b> |      |                |                |
| Prepayment to other suppliers  |      | 2,500          | -              |
| Advances to related party      | 18   | -              | 72,917         |
| Total non-current prepayments  |      | <u>2,500</u>   | <u>72,917</u>  |

### 10. INVENTORIES

|                                       | 2022<br>NZ\$ | 2021<br>NZ\$  |
|---------------------------------------|--------------|---------------|
| Finished goods                        | -            | 6,399         |
| Work in progress                      | -            | 42,031        |
|                                       | -            | <u>48,430</u> |
| Less: Provision for closing inventory | -            | -             |
| <b>Total Inventories</b>              | <u>-</u>     | <u>48,430</u> |

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. Inventory costs of \$201,123 have been written off during the year. The company was unable to convert items and stock cultivation costs into saleable inventory as a result of a flooding event. The inventory cultivation costs written off have been recorded under direct costs in the profit and loss. 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.

# Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

## 11. PROPERTY, PLANT AND EQUIPMENT

|  | Office<br>Equipment<br>NZ\$ | Facility<br>Otago<br>NZ\$ | Power<br>Station<br>NZ\$ | Facility<br>Taranaki<br>NZ\$ | Assets under<br>construction -<br>work in progress<br>NZ\$ | Total<br>NZ\$    |
|--|-----------------------------|---------------------------|--------------------------|------------------------------|--|------------------|
| <b>As at 31 March 2021</b>                       |                             |                           |                          |                              |  |                  |
| <b>Cost</b>                                      |                             |                           |                          |                              |  |                  |
| Cost as at 1 April 2020                          | 28,351                      | -                         | -                        | -                            | 287,953  | <b>316,304</b>   |
| Transfers from work in progress                  | -                           | -                         | 37,307                   | 745,777                      | -  | <b>783,084</b>   |
| Transfers to property, plant and equipment       | -                           | -                         | -                        | -                            | (783,084)  | <b>(783,084)</b> |
| Additions  | 7,309                       | 48,378                    | 772,714                  | 12,685                       | 495,131  | <b>1,336,216</b> |
| <b>Cost as at 31 March 2021</b>                  | <b>35,659</b>               | <b>48,378</b>             | <b>810,021</b>           | <b>758,462</b>               | -  | <b>1,652,520</b> |
| <b>Accumulated Depreciation</b>                  |                             |                           |                          |                              |  |                  |
| Accumulated Depreciation at 1 April 2020         | (6,809)                     | -                         | -                        | -                            | -  | <b>(6,809)</b>   |
| Depreciation charge for the year                 | (12,766)                    | (874)                     | -                        | (26,536)                     | -  | <b>(40,176)</b>  |
| <b>Accumulated Depreciation at 31 March 2021</b> | <b>(19,575)</b>             | <b>(874)</b>              | -                        | <b>(26,536)</b>              | -  | <b>(46,985)</b>  |
| <b>Carrying Amount</b>                           |                             |                           |                          |                              |  |                  |
| Cost   | 35,659                      | 48,378                    | 810,021                  | 758,462                      | -  | <b>1,652,520</b> |
| Accumulated Depreciation                         | (19,575)                    | (874)                     | -                        | (26,536)                     | -  | <b>(46,985)</b>  |
| <b>Carrying Amount 31 March 2021</b>             | <b>16,084</b>               | <b>47,504</b>             | <b>810,021</b>           | <b>731,926</b>               | -  | <b>1,605,535</b> |
| <b>As at 31 March 2022</b>                       |                             |                           |                          |                              |  |                  |
| <b>Cost</b>                                      |                             |                           |                          |                              |  |                  |
| Cost as at 1 April 2021                          | 35,659                      | 48,379                    | 810,021                  | 758,462                      | -  | <b>1,652,520</b> |
| Transfers from work in progress                  | -                           | -                         | -                        | -                            | -  | -                |
| Transfers from right of use assets               | -                           | -                         | -                        | -                            | -  | -                |
| Transfers to property, plant and equipment       | -                           | -                         | -                        | -                            | -  | -                |
| Additions  | 6,522                       | 2,217                     | 87,310                   | 137,925                      | 254,659  | <b>488,633</b>   |
| <b>Cost as at 31 March 2022</b>                  | <b>42,181</b>               | <b>50,596</b>             | <b>897,331</b>           | <b>896,387</b>               | <b>254,659</b>   | <b>2,141,153</b> |
| <b>Accumulated Depreciation</b>                  |                             |                           |                          |                              |  |                  |
| Accumulated Depreciation at 1 April 2021         | (19,575)                    | (874)                     | -                        | (26,536)                     | -  | <b>(46,985)</b>  |
| Depreciation - Prior period adjustment           | 11,014                      | -                         | -                        | -                            | -  | <b>11,014</b>    |
| Depreciation charge for the period               | (9,805)                     | (4,537)                   | (24,827)                 | (66,776)                     | -  | <b>(105,945)</b> |
| <b>Accumulated Depreciation at 31 March 2022</b> | <b>(18,366)</b>             | <b>(5,411)</b>            | <b>(24,827)</b>          | <b>(93,312)</b>              | -  | <b>(141,916)</b> |
| <b>Carrying Amount</b>                           |                             |                           |                          |                              |  |                  |
| Cost   | 42,181                      | 50,596                    | 897,331                  | 896,387                      | 254,659  | <b>2,141,154</b> |
| Accumulated Depreciation                         | (18,366)                    | (5,411)                   | (24,827)                 | (93,312)                     | -  | <b>(141,916)</b> |
| <b>Carrying Amount 31 March 2022</b>             | <b>23,816</b>               | <b>45,185</b>             | <b>872,504</b>           | <b>803,075</b>               | <b>254,659</b>   | <b>1,999,238</b> |

The assets under improvement consisted of work in progress assets for the Taranaki facility \$156,327 and power station \$98,332. No assets were impaired or disposed of during the year.



## Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

### 12. BARTERCARD

|                            | 2022<br>NZ\$   | 2021<br>NZ\$  |
|----------------------------|----------------|---------------|
| <b>Bartercard balance:</b> |                |               |
| Current                    | 100,000        | -             |
| Non- current               | 93,619         | 75,027        |
|                            | <b>193,619</b> | <b>75,027</b> |

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.

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<br>design<br>NZ\$ | Trademarks<br>NZ\$ | Total<br>NZ\$  |
|--|---------------------------|--------------------|----------------|
| <b>Year ended 31 March 2021</b>                                    |                           |                    |                |
| <b>Cost</b>  |                           |                    |                |
| Cost as at 1 April 2020  | -                         | 2,650              | 2,650          |
| Additions  | 662                       | -                  | 662            |
| <b>Cost as at 31 March 2021</b>                                    | <b>662</b>                | <b>2,650</b>       | <b>3,312</b>   |
| <b>Accumulated Amortisation</b>                                    |                           |                    |                |
| Accumulated amortisation 1 April 2020                              | -                         | (135)              | (135)          |
| Amortisation for the year  | (35)                      | (265)              | (300)          |
| <b>Accumulated amortisation and impairment as at 31 March 2021</b> | <b>(35)</b>               | <b>(400)</b>       | <b>(435)</b>   |
| <b>Carrying Amount</b>   |                           |                    |                |
| Cost   | 662                       | 2,650              | 3,312          |
| Accumulated amortisation and impairment                            | (35)                      | (400)              | (435)          |
| <b>Carrying Amount 31 March 2021</b>                               | <b>627</b>                | <b>2,250</b>       | <b>2,877</b>   |
| <b>Year ended 31 March 2022</b>                                    |                           |                    |                |
| <b>Cost</b>  |                           |                    |                |
| Cost as at 1 April 2021  | 662                       | 2,650              | 3,312          |
| Additions  | 9,500                     | -                  | 9,500          |
| <b>Cost as at 31 March 2022</b>                                    | <b>10,162</b>             | <b>2,650</b>       | <b>12,812</b>  |
| <b>Accumulated Amortisation</b>                                    |                           |                    |                |
| Accumulated amortisation 1 April 2021                              | (35)                      | (400)              | (435)          |
| Amortisation for the period  | (425)                     | (225)              | (650)          |
| <b>Accumulated amortisation and impairment as at 31 March 2022</b> | <b>(460)</b>              | <b>(625)</b>       | <b>(1,085)</b> |

## Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

### 13. INTANGIBLE ASSETS (continued)

|                                      | Graphic<br>design<br>NZ\$ | Trademarks<br>NZ\$ | Total<br>NZ\$ |
|--------------------------------------|---------------------------|--------------------|---------------|
| <b><i>Carrying Amount</i></b>        |                           |                    |               |
| Cost                                 | 10,162                    | 2,650              | 12,812        |
| Accumulated amortisation             | (460)                     | (625)              | (1,085)       |
| <b>Carrying Amount 31 March 2022</b> | <b>9,702</b>              | <b>2,025</b>       | <b>11,727</b> |

### 14. OTHER FINANCIAL ASSETS

|  | 2022<br>NZ\$   | 2021<br>NZ\$  |
|--|----------------|---------------|
| <b>Non-current assets</b>  |                |               |
| <b><u>Financial assets at fair value through profit and loss</u></b> |                |               |
| <u>Shares in listed companies</u>                                    |                |               |
| RUA Bioscience Limited   | 7,052          | -             |
|  | 7,052          | -             |
| <u>Shares in unlisted companies</u>                                  |                |               |
| Cannabis & Bioscience Corporation Limited                            | -              | 10,000        |
| Sustainable Foods Limited  | 153,865        | -             |
| Waiapu Investments Limited   | -              | 4,000         |
|  | 153,865        | 14,000        |
| <b>Total financial assets at fair value through profit and loss</b>  | <b>160,917</b> | <b>14,000</b> |
| <b><u>Financial assets measured at amortised cost</u></b>            |                |               |
| <u>Shares in unlisted companies</u>                                  |                |               |
| Hempseed Holdings Limited  | 200            | 200           |
|  | 200            | 200           |
| <b>Total financial assets measured at amortised cost</b>             | <b>200</b>     | <b>200</b>    |
| <b>Total other financial assets</b>                                  | <b>161,117</b> | <b>14,200</b> |

#### Shares - RUA Bioscience Limited and Waiapu Investments Limited

The Group previously held 4,000 shares in Waiapu Investments Limited purchased in September 2018 at a cost price of \$4,000 (\$1.00 per share). This equity investment was not quoted in an active market. The shares held in this company were converted to shares in RUA Bioscience Limited during the year as part of the Priority Share issue offered by the company. No gain or loss has been recognised from the conversion of these shares.

The Group acquired 17,630 shares in RUA Bioscience Limited from the conversion of the shares at a cost price of \$4,000 (\$0.23 per share). RUA Bioscience Limited is listed and its ordinary shares are quoted on the NZX equity security market. The fair value of the investment was determined by Management to be \$0.40 per share as at 31 March 2022 based on the quoted share price on the NZX equity market value as at 31 March 2022.

# Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

## 14. OTHER FINANCIAL ASSETS (continued)

### Shares - Cannabis and Bioscience Corporation Limited

The Group previously held 100,000 shares (0.54%) in Cannabis and Bioscience Corporation Limited. These shares were disposed during the 2022 year for \$10,000. No gain or loss was recorded for the disposal of this investment.

### Shares - Sustainable Foods Limited

The Group acquired 153,865 shares (1.87%) in Sustainable Foods Limited during the 2022 year at a cost price of \$50,000 (\$0.32 per share). Sustainable Foods Limited is an unlisted investment holdings company and is a related party as described in note 18. The fair value of the investment was estimated by Management to be \$1.00 per share as at 31 March 2022 with reference to the Sustainable Foods Limited's latest capital funding and share subscription price leading up to and subsequent to 31 March 2022.

### Shares - Hempseed Holdings Limited

The Group holds 20,000 shares (2.0%) in Hempseed Holdings Limited purchased in April 2019 at a cost price of \$20,000 (\$1.00 per share). Management has assessed the carrying value of this investment and concluded no impairment needs to be recognised. The investment was impaired previously in 2020 and an impairment expense of \$19,800 was recognised.

## 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.

|  | Level 1<br>NZ\$ | Level 2<br>NZ\$ | Level 3<br>NZ\$ | Total<br>NZ\$  |
|--|-----------------|-----------------|-----------------|----------------|
| <b>Recurring fair value measurements</b>                     |                 |                 |                 |                |
| <b>Financial Assets</b>                                      |                 |                 |                 |                |
| <b>31 March 2022</b>   |                 |                 |                 |                |
| <u>Financial assets at fair value through profit or loss</u> |                 |                 |                 |                |
| Shares - RUA Bioscience Limited                              | 7,052           | -               | -               | 7,052          |
| Shares - Cannabis and Bioscience Corporation Limited         | -               | -               | -               | -              |
| Shares - Waiapu Investments Limited                          | -               | -               | -               | -              |
| Shares - Sustainable Foods Limited                           | -               | 153,865         | -               | 153,865        |
| <b>Total Financial assets</b>                                | <b>7,052</b>    | <b>153,865</b>  | <b>-</b>        | <b>160,917</b> |
| <b>31 March 2021</b>   |                 |                 |                 |                |
| <u>Financial assets at fair value through profit or loss</u> |                 |                 |                 |                |
| Shares - RUA Bioscience Limited                              | -               | -               | -               | -              |
| Shares - Cannabis and Bioscience Corporation Limited         | -               | -               | 4,000           | 4,000          |
| Shares - Waiapu Investments Limited                          | -               | -               | 10,000          | 10,000         |
| <b>Total Financial assets</b>                                | <b>-</b>        | <b>-</b>        | <b>14,000</b>   | <b>14,000</b>  |



## Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

### 15. FAIR VALUE MEASUREMENT (continued)

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 :

|  | 2022           | 2021     |
|--|----------------|----------|
|  | NZ\$           | NZ\$     |
| Shares - RUA Bioscience Limited              | 3,052          | -        |
| Shares - Cannabis and Bioscience Corporation | -              | -        |
| Shares - Sustainable Foods Limited           | 103,865        | -        |
|  | <b>106,917</b> | <b>-</b> |

### 16. TRADE, OTHER AND RELATED PARTY PAYABLES

|  | Note | 2022           | 2021           |
|--|------|----------------|----------------|
|  |      | NZ\$           | NZ\$           |
| Trade payables                                       |      | 102,453        | 51,619         |
| Accruals   |      | 65,000         | 72,106         |
| Related party payables                               | 18   | 144,974        | -              |
| Other payables                                       |      | 43,768         | 7,284          |
| <b>Total trade, other and related party payables</b> |      | <b>356,195</b> | <b>131,009</b> |

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.

# Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

## 17. NET CASH OUTFLOW FROM OPERATING ACTIVITIES

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

|  | 2022<br>NZ\$       | 2021<br>NZ\$       |
|--|--------------------|--------------------|
| Loss before taxation                                     | (2,012,240)        | (1,255,781)        |
| <b>Adjustment for non cash items</b>                     |                    |                    |
| Amortisation and impairment of intangible assets         | 650                | 300                |
| Depreciation of property, plant and equipment            | 105,945            | 40,176             |
| Depreciation of right-of-use assets                      | -                  | 12,551             |
| Prior year adjustment (depreciation of PPE)              | (11,014)           | -                  |
| Fair value adjustment to financial instruments           | (106,917)          | 97,474             |
| Foreign exchange differences                             | 2,667              | -                  |
| Gain on settlement of lease                              | -                  | (37,658)           |
| Equity settled share based payments                      | -                  | 184,257            |
| Direct listing fees paid by share issue                  | 120,000            | -                  |
| <b>Adjustment for movements in working capital items</b> |                    |                    |
| Trade and other receivables                              | 3,997              | (122,787)          |
| Inventories  | 48,430             | (35,999)           |
| Prepayments and other current assets                     | (31,060)           | -                  |
| Related party receivable                                 | (28,749)           | -                  |
| Prepayments and other non-current assets                 | 70,417             | -                  |
| Related party Prepayment - current                       | (346,912)          | -                  |
| Barter Card  | (118,592)          | -                  |
| Trade and other payables                                 | 80,211             | 96,587             |
| Related party payables                                   | 144,974            | -                  |
| Net cash outflow from operating activities               | <u>(2,078,193)</u> | <u>(1,020,880)</u> |

## 18. RELATED PARTIES

### Related Parties:

|   |   |
|---|---|
| Andrew Jeffery(1J Capital)                                      | Shareholder and contractor of GFI                                   |
| Brendon Partridge   | Founding shareholder  |
| Brent Douglas King  | Shareholder and director of IRG and the Group                       |
| Cannabis and Bioscience   | Shareholder and entity controlled by director Brent                 |
| Cannvalate Pty Limited  | Shareholder and entity controlled by director Darryl<br>Davies      |
| CBC Greenfern   | Shareholder and entity controlled by director Brent<br>Douglas King |
| Crown Financial Services Limited                                | Shareholder and entity controlled by director Marvin Yee            |
| Daniel Casey  | Founding shareholder & managing director                            |
| Daniel Leyden   | Founding shareholder and director                                   |
| Darryl Davies   | Shareholder and director  |
| Explore and Discover Pty Limited ATF the Davies<br>Family Trust | Company associated to company's director Darryl Davies              |
| General Capital Limited   | Common directorship   |
| GFI Pharma Limited  | Subsidiary with 100% ownership                                      |
| Greenfern Hemp Limited  | Subsidiary with 100% ownership                                      |

## Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

### 18. RELATED PARTIES (continued)

#### Related Parties (continued):

|                                   |  |
|-----------------------------------|--|
| Greenfern Power Limited           | Subsidiary with 100% ownership                                     |
| Investment Research Group (IRG)   | Shareholder and entity controlled by director Brent Douglas King   |
| John Hussey(Fluidity)             | Founding shareholder   |
| Kirsten Taylor                    | Shareholder and director   |
| Marvin Yee                        | Shareholder and director   |
| Moneyonline Limited               | Entity controlled by director Brent Douglas King                   |
| Medical Assurance So              | Company associated to company's share holder Prakash Appanna       |
| Philip Wesley Brown               | Shareholder and director   |
| Prakash Appanna                   | Shareholder  |
| Prime Assets Limited              | Shareholder and entity controlled by director Phillip Wesley Brown |
| Prospect Road Investments Limited | Shareholder and entity controlled by director Simon McArley        |
| Renewable Power Limited           | Shareholder  |
| Sarah Leyden                      | Spouse of Daniel Leyden  |
| Simon McArley                     | Shareholder and director   |
| Sustainable Foods Limited         | Group is a shareholder of this company                             |

#### Related party balances

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

|  | Nature of Transactions | 2022<br>NZ\$ | 2021<br>NZ\$ |
|--|------------------------|--------------|--------------|
|--|------------------------|--------------|--------------|

#### Related Party Receivables

|                      |                   |               |   |
|----------------------|-------------------|---------------|---|
| Cannvalate Pty Ltd   | Sales of products | 17,716        | - |
| Sustainable Food Ltd | Sales of products | 11,033        | - |
|                      |                   | <b>28,749</b> | - |

#### Related Party Payables

|                    |   |                |   |
|--------------------|---|----------------|---|
| Cannvalate Pty Ltd | Patient acquisition fee and storage fee | 144,974        | - |
|                    |   | <b>144,974</b> | - |

#### Prepayments

|                     |                        |                |                |
|---------------------|------------------------|----------------|----------------|
| Cannvalate Pty Ltd  | Prepayment of services | 273,995        |                |
| Philip Wesley Brown | Prepayment             | 72,917         | 197,917        |
|                     |                        | <b>346,912</b> | <b>197,917</b> |

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

## Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

### 18. RELATED PARTIES (continued)

#### Related party transactions:

| Related party transactions | 2022<br>NZ\$ | 2021<br>NZ\$ |
|----------------------------|--------------|--------------|
|----------------------------|--------------|--------------|

#### Sales of products or services provided to the following:

|                         |                |   |
|-------------------------|----------------|---|
| Sustainable Food Ltd    | 12,059         | - |
| Cannvalate Pty Ltd      | 118,918        | - |
| General Capital Limited | 217            | - |
|                         | <b>131,194</b> | - |

#### Purchases from the following for services, products or fixed assets provided:

|   |                |                  |
|---|----------------|------------------|
| Investment Research Group Ltd                               | 375,900        | 22,375           |
| John Hussey(Fluidity)                                       | 102,157        | 260,069          |
| Cannvalate Pty Ltd  | 230,340        | -                |
| Renewable Power Limited                                     | -              | 782,895          |
| 1J Capital  | 33,600         | -                |
| Omega Corporation Limited (Cybercom)                        | 15,156         | -                |
| Moneyonline Limited   | 22,500         | -                |
| Explore and Discover Pty Ltd ATF the DT Davies Family Trust | 10,000         | -                |
| Medical Assurance So  | 5,391          | -                |
| Prime Assets NZ Limited                                     | 15,000         | -                |
| Philip Brown  | 125,000        | 62,500           |
|   | <b>935,044</b> | <b>1,127,839</b> |

#### Payments of Directors Fees

|                    |                |   |
|--------------------|----------------|---|
| Brent Douglas King | 22,500         | - |
| Daniel Casey       | 15,000         | - |
| Darryl Davies      | 14,348         | - |
| Kirsten Taylor     | 15,000         | - |
| Marvin Yee         | 15,156         | - |
| Philip Brown       | 15,000         | - |
| Prakash Appanna    | 5,000          | - |
| Simon McArly       | 18,750         | - |
|                    | <b>120,753</b> | - |

#### Share capital received

|                                  |                  |               |
|----------------------------------|------------------|---------------|
|                                  |                  | -             |
| CBC Greenfern                    | 500,000          | 75,000        |
| Crown Financial Services Limited | 440,000          | -             |
| Investment Research Group        | 220,000          | -             |
|                                  |                  | -             |
|                                  | <b>1,160,000</b> | <b>75,000</b> |

#### Payments for investments - shares purchased (note 14)

|                          |               |               |
|--------------------------|---------------|---------------|
| Cannabis and Bioscience  | -             | 10,000        |
| Sustainable Food Limited | 50,000        | -             |
|                          | <b>50,000</b> | <b>10,000</b> |

#### Sale of investments - shares disposed

|   |               |   |
|---|---------------|---|
| John Hussey (Fluidity) (Purchased Cannabis and Bioscience shares) | 10,000        | - |
|   | <b>10,000</b> | - |



## Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

### 18. RELATED PARTIES (continued)

| Related party transactions | 2022<br>NZ\$ | 2021<br>NZ\$ |
|----------------------------|--------------|--------------|
| <b>Salaries paid</b>       |              |              |
| Sarah Leydon               | 5,300        | 3,600        |
|                            | <b>5,300</b> | <b>3,600</b> |

#### Cannvalate Pty Limited Agreement

In September 2021, 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, GFI agreed to pay a fixed service fee to Cannvalate prior to supply of medicine services. GFI also agreed to pay a warehousing/storage service fee and a data fee for new patients and this is payable on a monthly basis.

Under the agreement, in the ordinary course of events the agreement terminates on the end date. The end date means the date the relevant services party are considered to be complete or supplied in accordance with the terms of the relevant work order and the agreement. 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.

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 medication products   |
| Related party payable    | Patient acquisition/data fees and warehouse storage fees                                       |
| Prepayments              | Prepayment for supply of services  |
| Sales                    | Overseas sales of medicines  |
| 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:

|  | 2022<br>NZ\$   | 2021<br>NZ\$   |
|--|----------------|----------------|
| Salaries and other short-term benefits | 309,672        | 92,000         |
| Director fees                          | 120,753        | -              |
| Vested shadow shares                   | -              | 490,000        |
| <b>Total</b>                           | <b>430,425</b> | <b>582,000</b> |

# Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

## 19. COMMITMENTS AND CONTINGENCIES

The Group has no capital commitments and contingencies at 31 March 2022 (31 March 2021: Nil)

## 20. 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

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:

|  | 2022<br>NZ\$     | 2021<br>NZ\$     |
|--|------------------|------------------|
| <b>31 March 2022</b>                     |                  |                  |
| <b>Financial Assets:</b>                 |                  |                  |
| <i>Amortised cost</i>                    |                  |                  |
| Cash and cash equivalents                | 849,361          | 1,297,054        |
| Trade and related party receivables      | 38,914           | 14,163           |
| Shares in unlisted entities              | 200              | 200              |
| <i>Fair value through profit or loss</i> |                  |                  |
| Shares in listed entities                | 7,052            | -                |
| Shares in unlisted entities              | 153,865          | 14,000           |
| <b>Total financial assets</b>            | <b>1,049,392</b> | <b>1,325,417</b> |
| <b>Financial liabilities:</b>            |                  |                  |
| <i>Amortised cost</i>                    |                  |                  |
| Trade and other payables                 | 312,425          | 123,724          |
| <b>Total financial liabilities</b>       | <b>312,425</b>   | <b>123,724</b>   |

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.

# Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

## 20. FINANCIAL INSTRUMENTS (continued)

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 Group's receivables balance are small. 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:

|   | 2022<br>NZ\$  | 2021<br>NZ\$  |
|---|---------------|---------------|
| Australia                                 | 17,716        | -             |
| New Zealand                               | 21,198        | 14,163        |
| Total trade and related party receivables | <u>38,914</u> | <u>14,163</u> |

### Expected credit loss assessment

No impairment losses on trade, other and related party receivables have been recognised in the 2022 year (2021: \$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 \$3,564,096 (2021: \$2,351,536). 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 bank loan 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.

## Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

### 20. FINANCIAL INSTRUMENTS (continued)

|                                    | 0 to 6<br>months<br>NZ\$ | 7 to 12<br>months<br>NZ\$ | 1 to 2<br>years<br>NZ\$ | Over 2<br>years<br>NZ\$ | Total<br>NZ\$  |
|------------------------------------|--------------------------|---------------------------|-------------------------|-------------------------|----------------|
| <b>2022</b>                        |                          |                           |                         |                         |                |
| <i>Financial liabilities:</i>      |                          |                           |                         |                         |                |
| Trade creditors and other payables | 167,451                  | -                         | -                       | -                       | 167,451        |
| Related party payables             | 144,974                  | -                         | -                       | -                       | 14,974         |
|                                    | <u>312,425</u>           | -                         | -                       | -                       | <u>312,425</u> |
| <b>2021</b>                        |                          |                           |                         |                         |                |
| <i>Financial liabilities:</i>      |                          |                           |                         |                         |                |
| Trade creditors and other payables | 123,724                  | -                         | -                       | -                       | 123,724        |
| Related party payables             | -                        | -                         | -                       | -                       | -              |
|                                    | <u>123,724</u>           | -                         | -                       | -                       | <u>123,724</u> |

#### (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. The Group exposure to interest rate risk is minimal as the Group has no interest-bearing financial instruments.

#### (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.

### 21. INVESTMENT IN SUBSIDIARIES

#### (a) Subsidiaries

| Name of subsidiary            | Country of Incorporation | Principal activity | Ownership interest and voting rights |      |
|-------------------------------|--------------------------|--------------------|--------------------------------------|------|
|                               |                          |                    | 2022                                 | 2021 |
| 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% |



# Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

## 21. INVESTMENT IN SUBSIDIARIES

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) |      | Ownership interest and voting rights |      |
|-------------------------------|-------------------|----------------------------------|------|--------------------------------------|------|
|                               |                   | 2022                             | 2021 | 2022                                 | 2021 |
| 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.

## 22. 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 and updated its operating segments from three segments to 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 reflect the activities of manufacture and distribution of cannabis products.

The Mato and Hemp meal has been determined as part of the cannabis and therapeutics products. The turnover of the Mato and Hemp meal segment was also insignificant to be segregated from the Cannabis and therapeutics products segment.

### 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 2022 and 2021, respectively:

## Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

### 22. SEGMENT REPORTING (continued)

|   | Cannabis<br>and<br>therapeutics<br>products | Electricity<br>generation | Year ended<br>31 March 2022 |
|---|---|---------------------------|-----------------------------|
|   | NZ\$  | NZ\$                      | NZ\$                        |
| <b>Year ended 31 March 2022</b>           |   |                           |                             |
| <b>Operating Income</b>                   |   |                           |                             |
| External Operating Revenue from customers | 154,445                                     | 58,909                    | 213,354                     |
| Other Revenue                             | -   | -                         | -                           |
| <b>Total Revenue</b>                      | <b>154,445</b>                              | <b>58,909</b>             | <b>213,354</b>              |
| <b>Cost of sales</b>                      | 192,845                                     | 14,365                    | 207,210                     |
|   |   |                           | -                           |
| <b>Operating Expenses</b>                 |   |                           | -                           |
| Salary expenses                           | 177,007                                     | 21,208                    | 198,215                     |
| Depreciation                              | 71,313                                      | 24,827                    | 96,140                      |
| Other expenses                            | 172,489                                     | 85,973                    | 258,462                     |
| <b>Total operating expenses</b>           | <b>420,809</b>                              | <b>132,008</b>            | <b>552,817</b>              |
| <b>Segment profit/(loss) before tax</b>   | <b>(459,209)</b>                            | <b>(87,464)</b>           | <b>(546,673)</b>            |
| <b>Year ended 31 March 2021</b>           |   |                           |                             |
| <b>Operating Income</b>                   |   |                           |                             |
| External Operating Revenue from customers | 46,781                                      | -                         | 46,781                      |
| Other Revenue                             | -   | -                         | -                           |
| <b>Total Revenue</b>                      | <b>46,781</b>                               | <b>-</b>                  | <b>46,781</b>               |
| <b>Cost of sales</b>                      | 12,380                                      | -                         | 12,380                      |
| <b>Operating Expenses</b>                 |   |                           |                             |
| Salary expenses                           | 131,784                                     | -                         | 131,784                     |
| Amortisation and impairment losses        | -   | -                         | -                           |
| Depreciation                              | 27,410                                      | 12,551                    | 39,961                      |
| Other expenses                            | 197,906                                     | 59,722                    | 257,628                     |
| <b>Total operating expenses</b>           | <b>357,100</b>                              | <b>72,273</b>             | <b>429,373</b>              |
| <b>Segment profit/(loss) before tax</b>   | <b>(322,699)</b>                            | <b>(72,273)</b>           | <b>(394,972)</b>            |

## Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

### 22. SEGMENT REPORTING (continued)

The following tables present assets and liabilities information for the Group's operating segments as at 31 March 2022 and 31 March 2021, respectively:

|                            | Cannabis<br>and<br>therapeutics<br>products | Electricity<br>generation | Total     |
|----------------------------|---|---------------------------|-----------|
|                            | NZ\$  | NZ\$                      | NZ\$      |
| <b>As at 31 March 2022</b> |   |                           |           |
| Segment assets             | 1,423,758                                   | 970,836                   | 2,394,594 |
| Capital Expenditure        | 296,469                                     | 185,642                   | 482,111   |
| Segment Liabilities        | 208,746                                     | -                         | 208,746   |
| <b>As at 31 March 2021</b> |   |                           |           |
| Segment assets             | 840,022                                     | 810,021                   | 1,650,043 |
| Capital Expenditure        | -   | -                         | -         |
| Segment Liabilities        | 164,724                                     | -                         | 164,724   |

#### 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 61% (2021: Nil) of the Group's total operating revenue.

|                                   | 2022    | 2021   |
|-----------------------------------|---------|--------|
|                                   | NZ\$    | NZ\$   |
| <b>External Operating Revenue</b> |         |        |
| Australia                         | 118,918 | -      |
| New Zealand                       | 94,436  | 46,781 |
| <b>External Operating Revenue</b> | 213,354 | 46,781 |

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

### 23. NET TANGIBLE ASSETS PER SHARE

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

|   | Note | March<br>2022<br>NZ\$ | March<br>2021<br>NZ\$ |
|---|------|-----------------------|-----------------------|
| Total assets  |      | 3,920,291             | 3,416,045             |
| Less intangible assets                              |      | 11,727                | 2,877                 |
| Tangible assets                                     |      | 3,908,564             | 3,413,168             |
| Less total liabilities                              |      | 356,195               | 1,064,509             |
| Net tangible assets                                 |      | 3,552,369             | 2,348,659             |
| Number of ordinary shares on issue                  | 6    | 84,960,384            | 8,870,598             |
| Net tangible assets / liabilities per share in NZ\$ |      | 0.041812              | 0.264769              |

## Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

### 24. OTHER LIABILITIES / SHADOW SHARES

|  | 2022     | 2021           |
|--|----------|----------------|
|  | NZ\$     | NZ\$           |
| <b>Non Current</b>                               |          |                |
| Cash settled share based payment - shadow shares | -        | 933,500        |
| <b>Total</b>                                     | <b>-</b> | <b>933,500</b> |

The \$933,500 balance for 31 March 2021 related to the 2020-2021 shadow share scheme. All shadow shares were converted to share capital and equity during the year. There are no shadow scheme balances remaining for 31 March 2022.

#### 2020 - 2021 Shadow share scheme

The Company had a shadow share scheme whereby participants (being an employee, contractor or director of the Company) could receive a bonus if the Company had a positive liquidity event such as a sale or a public listing. Performance conditions could apply to individual participants shadow share arrangements. Once performance conditions were met the shadow shares vested. If there were no vesting terms in the participants shadow share arrangements then shadow shares were deemed to have vested on grant date.

The shadow equity arrangement was determined to be a cash-settled share-based payment due to the Group having the obligation to settle the value of the shadow shares at the trigger event in cash.

Each participant in the shadow share scheme had different vesting conditions which must have been met in order for the shares to vest. Vesting conditions included length of service conditions and key performance indicators such as capital raising, business development, key facility milestone, key regulatory milestone and key research milestone targets.

The fair value of the shadow shares was determined by reference to recent capital raises of the Company. Accordingly the directors had determined that \$1 represented the fair value of the shadow shares up to May 2020 and then subsequently \$2 thereafter, recognised during the period.

During the 2021 year, the number of shadow shares issued to Founding shareholders was halved by mutual agreement from 856,000 to 347,750.

During the 2021 year, the Group issued 50,000 shadow shares to contractors for \$140,000 (2020: 481,276 shadow shares for \$481,276) and 9,000 shadow shares to employees for \$18,000 (2020: 196,750 shadow shares for \$196,750) with grant dates ranging between 19 May 2020 and 27 March 2021 (2020: 31 October 2019 and 26 March 2020).

After 31 March 2021, the Company wound up its shadow share scheme. As a result, liabilities to participants in the scheme of \$933,500 were capitalised, meaning that these liabilities were extinguished by the issue of \$933,500 of shares to those participants (466,750 shares were issued at \$2.00 per share, which following an 8 for 1 share split equates to 3,734,000 shares at a price of \$0.25 per share).

The 2021 liability and cash settled based payments were :

|   | 2021           |
|---|----------------|
|   | NZ\$           |
| Opening balance   | 678,026        |
| Cash settled share based payments to employees (recorded in employee benefit)     | 18,000         |
| Cash settled share based payments to employees (recorded in consultancy expenses) | 140,000        |
| Fair value adjustment on cash settled share based payments                        | 97,474         |
| <b>Total expenses recognised from cash settled share based transactions</b>       | <b>933,500</b> |



## Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

### 25. LEASES

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#### 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:

|                              | 2022<br>NZ\$  | 2021<br>NZ\$ |
|------------------------------|---------------|--------------|
| Lease of motor vehicle       | 14,073        | -            |
| Lease of plant and equipment | 8,259         | 770          |
| Lease of land                | 5,610         | -            |
| Lease of desk space          | 2,777         | 2,700        |
|                              | <u>30,720</u> | <u>3,470</u> |

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

### 26. EVENTS AFTER THE REPORTING PERIOD

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There has been no matter or circumstance, which has arisen since 31 March 2022 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 March 2022, of the Group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 31 March 2022, of the Group.

# SHAREHOLDER AND STATUTORY INFORMATION

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

## Largest Shareholders (As at 19 May 2022)

| Rank | Shareholder                            | Holding    | %      |
|------|--|------------|--------|
| 1    | JOHN DESMOND HUSSEY                    | 12,437,744 | 14.49% |
| 2    | DANIEL CASEY                           | 8,748,392  | 10.19% |
| 3    | NEW ZEALAND DEPOSITORY NOMINEE LIMITED | 7,704,198  | 8.98%  |
| 4    | DANIEL LEYDEN                          | 5,224,642  | 6.09%  |
| 5    | TIMOTHY MARK JOHNSON                   | 4,909,671  | 5.72%  |
| 6    | BRENDON PARTRIDGE                      | 4,763,873  | 5.55%  |
| 7    | CBC GREENFERN LIMITED                  | 2,704,000  | 3.15%  |
| 8    | CROWN FINANCIAL SERVICES LIMITED       | 1,865,600  | 2.17%  |
| 9    | PRIME ASSETS (NZ) LIMITED              | 1,300,000  | 1.51%  |
| 10   | STRATEGIC ASSETS (NZ) LIMITED          | 1,300,000  | 1.51%  |
| 11   | KIRSTY GODFREY-BILLY                   | 1,200,000  | 1.40%  |
| 12   | RENEWABLE POWER LIMITED                | 1,044,321  | 1.22%  |
| 13   | PHILIP WESLEY BROWN                    | 1,000,000  | 1.16%  |
| 14   | CANNVALATE PTY LTD                     | 877,659    | 1.02%  |
| 15   | FORSYTH BARR CUSTODIANS LIMITED        | 840,695    | 0.98%  |
| 16   | JOHN GREEN                             | 800,000    | 0.93%  |
| 17   | ROSANNA MARY PICKETT                   | 800,000    | 0.93%  |
| 18   | INVESTMENT RESEARCH GROUP LIMITED      | 729,936    | 0.85%  |
| 19   | HUGH JONATHAN GREEN                    | 633,489    | 0.74%  |
| 20   | KEVIN CHONG                            | 527,248    | 0.61%  |

## Spread of Shareholders (as at 19 May 2022)

| Size of Holding   | Number of shareholders | %              | Number of Shares  | %              |
|-------------------|------------------------|----------------|-------------------|----------------|
| 1 - 1,999         | 39                     | 2.18%          | 36,272            | 0.04%          |
| 2,000 - 4,999     | 882                    | 49.38%         | 2,894,983         | 3.37%          |
| 5,000 - 9,999     | 359                    | 20.10%         | 2,708,768         | 3.16%          |
| 10,000 - 49,999   | 405                    | 22.68%         | 8,708,876         | 10.15%         |
| 50,000 - 99,999   | 37                     | 2.07%          | 2,555,803         | 2.98%          |
| 100,000 – 499,999 | 42                     | 2.35%          | 8,496,325         | 9.90%          |
| 500,000 – plus    | 22                     | 1.23%          | 60,437,016        | 70.41%         |
|                   | <b>1786</b>            | <b>100.00%</b> | <b>85,838,043</b> | <b>100.00%</b> |

### Geographic Spread

|             |             |                |                   |                |
|-------------|-------------|----------------|-------------------|----------------|
| New Zealand | 1714        | 95.97%         | 82,723,832        | 96.37%         |
| Other       | 72          | 4.03%          | 3,114,211         | 3.63%          |
|             | <b>1786</b> | <b>100.00%</b> | <b>85,838,043</b> | <b>100.00%</b> |

## Shareholder and statutory information

### Substantial Product Holders (as at 19 May 2022)

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

|                      | <b>Ordinary<br/>Shares<br/>Beneficially<br/>Held</b> | <b>% Held</b> |
|----------------------|--|---------------|
|                      | <b>2022</b>  | <b>2022</b>   |
| JOHN DESMOND HUSSEY  | 12,437,744   | 14.49%        |
| DANIEL CASEY         | 8,748,392  | 10.19%        |
| DANIEL LEYDEN        | 5,224,642  | 6.09%         |
| TIMOTHY MARK JOHNSON | 4,909,671  | 5.72%         |
| BRENDON PARTRIDGE    | 4,763,873  | 5.55%         |
|                      | 36,084,322   | 42.04%        |

The total number of voting securities of the company on issue at 19 May 2022 was 85,838,043 paid ordinary shares.

### Directors

During the year the board of directors comprised:

|   | <b>Appointed</b> | <b>Resigned</b> |
|---|------------------|-----------------|
| <u>Executive directors</u>                        |                  |                 |
| Daniel Casey                                      | 29-Jun-18        |                 |
| Daniel Leyden                                     | 25-Jun-18        | 27-Aug-21       |
| <u>Non-executive directors</u>                    |                  |                 |
| Darryl Davies                                     | 13-Jul-21        | -               |
| Brent Douglas King(Chairman)                      | 21-Apr-21        | -               |
| <u>Independent directors</u>                      |                  |                 |
| Simon McArley                                     | 05-Aug-21        | -               |
| Kirsten Taylor                                    | 16-Aug-21        | -               |
| Philip Wesley Brown                               | 12-Jul-21        | -               |
| Marvin Yee  | 12-Oct-21        |                 |
| <u>Directors of subsidiary GFI Pharma Pty Ltd</u> |                  |                 |
| Prakash Appana                                    | 20-08-21         | 06-12-21        |
| Anneliese Casey                                   | 06-12-21         | -               |
| Daniel Casey                                      | 20-08-21         | -               |

### Directors quoted financial product relevant interests at 31 March 2022

|                     | Ordinary Shares |
|---------------------|-----------------|
| Daniel Casey        | 8,748,392       |
| Brent Douglas King  | 3,513,936       |
| Philip Wesley Brown | 3,600,000       |
| Marvin Yee          | 1,865,600       |
| Simon McArley       | 102,800         |
| Kirsten Taylor      | 280,000         |

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Daniel Casey as the registered holder and beneficial owner.

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Brent Douglas King as (a) registered holder and beneficial owner; (b) Sole director and controller of CBC Greenfern Limited, the registered holder and beneficial owner; (c) Sole director and controller of Investment Research Group Limited, the registered holder and beneficial owner.

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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.

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Relevant interest by virtue of Marvin Yee having power to control registered holder of Crown Financial Service Limited (the registered holder).

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

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Kirsten Taylor as the registered holder and beneficial owner.



## Shareholder and statutory information

### Directors and officers relevant interests in quoted financial products recorded in interest register during the year ended 31 March 2022

| 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  |
|---------------------|------------------------|-----------------------|-------------------------|----------------------------|-----------------------------|------------------|--|--|
| Brent Douglas King  | Non-executive director | Initial Disclosure    | 21/10/21                | Ordinary Shares            | 3,513,936                   | N/A              | (a) Brent King<br>(b) CBC Greenfern Limited<br>(c) Investment Research Group Limited   | (a) registered holder and beneficial owner<br><br>(b) Sole director and controller of CBC Greenfern Limited, the registered holder and beneficial owner<br><br>(c) Sole director and controller of Investment Research Group Limited, the registered holder and beneficial owner |
| Philip Brown        | Independent director   | Initial Disclosure    | 21/10/21                | Ordinary Shares            | 3,600,000                   | N/A              | (a) Philip Brown<br>(b) Strategic Assets (NZ) Limited<br>(c) Prime Assets (NZ) Limited | (a) registered holder and beneficial owner<br><br>(b) Controller of Strategic Assets (NZ) Limited, the registered holder and beneficial owner<br><br>(c) Controller of Prime Assets (NZ) Limited, the registered holder and beneficial owner                                     |
| Marvin Yee          | Independent director   | Initial Disclosure    | 21/10/21                | Ordinary Shares            | 1,865,600                   | N/A              | Crown Financial Services Limited   | Power to control registered holder   |
| Simon John McArley  | Director               | Initial Disclosure    | 21/10/21                | Ordinary Shares            | 102,800                     | N/A              | Prospect Road Investments Limited  | Power to control registered holder   |
| Kirsten Taylor      | Independent director   | Initial Disclosure    | 21/10/21                | Ordinary Shares            | 280,000                     | N/A              | Kirsten Taylor   | Registered holder and beneficial owner   |
| Andrew Boot         | Research Manager       | Initial Disclosure    | 21/10/21                | Ordinary Shares            | 72,000                      | N/A              | Andrew Boot  | Registered holder and beneficial owner   |
| Andrew Jeffery      | Strategic Adviser      | Initial Disclosure    | 21/10/21                | Ordinary Shares            | 920,000                     | N/A              | 1J Capital Limited   | Controller of 1J Capital Limited   |
| Tim Irvin           | Grow Manager           | Initial Disclosure    | 21/10/21                | Ordinary Shares            | 906,344                     | N/A              | Tim Irvin  | Registered holder and beneficial owner   |
| Daniel Casey        | Managing Director      | On-market sale        | 21/10/2021              | Ordinary Shares            | 50,000                      | 20,750.00        | Daniel Casey   | Registered holder and beneficial owner   |
| John Hussey         | Head Of Growth         | On-market sale        | 26/10/2021 & 11/11/2021 | Ordinary Shares            | 50,000                      | 16,600.00        | John Hussey  | Registered holder and beneficial owner   |
| Andrew Jeffery      | Head of Strategy       | Sale                  | 13/12/2021 & 14/12/2021 | Ordinary Shares            | 43,305                      | 10,826.25        | 1J Capital Limited   | Controller of 1J Capital Limited   |
| Andrew Jeffery      | Head of Strategy       | Sale                  | 04/03/2022              | Ordinary Shares            | 50,000                      | N/A              | 1J Capital Limited   | Controller of 1J Capital Limited   |

## Shareholder and statutory information

### Statement of Directors' Directorships (as at 31 March 2022)

The following are directorships held by the Greenfern industries limited Directors as at 31 March 2022:

#### **Brent Douglas King**

1. A.I.S. Limited
2. Askridge Holdings Limited
3. Barter Investments Limited
4. Cannabis & BioScience Corporation limited
5. CBC Greenfern Limited
6. CBC Manuka Limited
7. CBC Tetramed Limited
8. Commercial and General Limited
9. Corporate Holdings Limited
10. Equity Investment Advisers Limited
11. General Capital Limited
12. General Finance Limited
13. General Finance & Leasing Limited
14. General Finance & Investments Limited
15. General Leasing Limited
16. General Loan & Finance Limited
17. Greenfern Industries Limited
18. Investment Research Group Limited
19. King Capital & Investment Corporation Limited
20. Kohaus Limited
21. Moneyonline Limited
22. Mykco Limited
23. Red Hot Investments Limited
24. Sharechat.co.nz Limited
25. Snowdon Peak Investments Limited
26. Transaction Holdings Limited

#### **Dan John Casey**

1. Greenfern Industries Limited
2. Greenfern Hemp Ltd
3. GFI Pharma Ltd (NZ)
4. GFI Pharma Pty Ltd (Aus)
5. Greenfern Power Ltd
6. MaTo Ltd

#### **Philip Wesley Brown**

1. Prime Apartments Limited
2. Prime Assets (NZ) Limited
3. 32 Vivian Limited
4. S T B Offshore Limited
5. Greenfern Industries Limited
6. Strategic Assets (NZ) Limited
7. Trans-Tasman Resources Limited (Appointed Board Seat)
8. PW Brown Trust
9. PW & HK Brown Trust

## Shareholder and statutory information

### Statement of Directors' Directorships (as at 31 March 2022) (continued)

**Darryl Davies**

1. Cannvalate Pty Ltd (Exec Director) TSX: VLNS
2. The Valens Company (Exec Director - Australia only)
3. LifeSpot Health (Non-Exec Director) ASX:LSH
4. Shanti Therapeutics (CEO) CSE:LOAN

**Ethical Cannabinoid**

1. Pharmaceuticals (Exec Director)

**Simon John McArley****Directorships**

1. General Capital Limited

**Beneficial Ownership or Control**

1. Prospect Road Investments Limited
2. Prospect Road Services Limited

**Kirsten Taylor**

1. New Zealand Health Shop Limited - Director
2. New Zealand Health Shop Properties Limited - Director
3. Sleep Support System Limited - Director
4. SleepDrops International Limited - Director
5. SleepDrops IP Limited - Trustee
6. Jasper Mace 2020 Family Trust – Trustee

**Marvin Yee****Directorships (NZ)**

1. Crown Financial Services Limited
2. Crown Private Limited
3. Omega Corporation Limited
4. Cybercom Global Limited
5. Cybercom Hospitality Solutions Limited
6. CPL Sanpei Limited (6432736)
7. CFS Syndex Limited (6432794)
8. CPL Apimatic Limited (6432774)
9. CFS Manukahq Limited (6432733)
10. CFS Rvtv Limited (6432735)
11. Opportunity Limited (3262748)
12. Cybercom Charlie Limited (5884731)
13. Seraph Nominees 7 Limited (6204368)
14. Crown Private Limited (6112087)
15. Seed Cap Holdings 4 Limited (5623565)
16. Yee Industries Limited (1555842)
17. CFS Nbdt Interest Limited (6285539)
18. Crown Kj Nominees Limited (5898664)
19. Cybercom Global Limited (4444325)
20. CFS Index Fund Limited (6284168)
21. Omega Corporation Limited (936214)
22. Infinite Global Assets Limited (7399336)
23. Cybercom Hospitality Solutions Limited (1607423)

## Shareholder and statutory information

### Statement of Directors' Directorships (as at 31 March 2022) (continued)

24. Seraph Nominees Limited (5862197)
25. Manuka Bioscience Limited (6055129)
26. CFS Accelerate Limited (8219230)
27. Seed Cap Holdings 2 Limited (5140581)
28. World Press Holdings Limited (5411784)
29. CFS Nominees 1 Limited (5661069)
30. Seed Cap Holdings Limited (4838180)
31. Crown Financial Services Nominees Limited (4555620)
32. Myrr Limited (5887087)
33. Seed Cap Holdings 3 Limited (5544252)
34. CFS Nominees 2 Limited (5805441)
35. Seraph Nominees 3 Limited (6038807)
36. Kahurangi Limited (6162847)
37. Cybercom Delta Limited (5959980)
38. Vmore Holding Limited (7549603)
39. Mjkm Limited (7589756)
40. Seraph Nominees 8 Limited (6253664)
41. Vmore Limited (7669016)
42. CFS Hospitality 1 Limited (8125504)
43. Clearing House Limited (3055605)
44. CPL Mediatrix Limited (6202211)
45. CPL Vimic Limited (6338149)
46. Seraph Nominees 4 Limited (6038832)
47. CPL Coinbase Limited (6199929)
48. Cybercom Beta Limited (5884697)
49. CPL Piggi Limited (6432692)
50. Crown Financial Services Limited (1030289)
51. Make-It Fund'S Administration Manager Limited (7725617)
52. Seraph Nominees 6 Limited (6096967)
53. Infinitepay Limited (7510517)
54. West Texas Enterprises Limited (8142417)
55. Infireum Holding Limited (7540958)
56. Cybercom Alpha Limited (5884728)

#### General Partner

1. CFS Amici Group L.P.
2. CFS Cooks Global L.P.
3. CFS Cybercom Investor Interest L.P.
4. CFS Debt Fund L.P.
5. CFS Diversified Blended Fx Fund L.P.
6. CFS Interest Limited Partnership
7. CFS Make It L.P.
8. CFS Manuka Interest L.P.
9. CFS Marsbio Interest L.P.
10. CFS Mini Circle Interest L.P.
11. Crown Associates 1 Limited Partnership
12. Farrow Ventures L.P.
13. Index-F Crown Limited Partnership
14. CFS Tech Insight Partners L.P.
15. Make-It Fund Operating Manager L.P.
16. Make-It Fund Manager'S Interest L.P.
17. Mjkm Partners L.P.

## Shareholder and statutory information

### Statement of Directors' Directorships (as at 31 March 2022) (continued)

|  |
|--|
| <p>18. CFS Manuka Secondary Shares L.P.<br/> 19. Crown Dma L.P.<br/> 20. CFS Gfi L.P.<br/> 21. CFS 0600 L.P.<br/> 22. CFS Matterfi Limited L.P.<br/> 23. CFS Digital Opportunities 1 L.P.<br/> 24. CFS Sheertex L.P.</p> <p><b>Directorships (Singapore)</b><br/> 1. BCB International Pte. Ltd.<br/> 2. Power2 Pte. Ltd.<br/> 3. CFS Capital Pte. Ltd.<br/> 4. Mjkm Partners Pte. Ltd.<br/> 5. Make-It Singapore Pte. Ltd</p> <p><b>Directorships (Usa)</b><br/> 1. Sanguine Bioscience LLC<br/> 2. Next Prime LLC</p> <p><b>Trustee</b><br/> 1. Chefs For Compassion</p> |
|--|

### 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 2022:

|                     | <b>Director's<br/>fees<br/>NZ\$</b> | <b>Other<br/>Remuneration<br/>NZ\$</b> |
|---------------------|-------------------------------------|--|
| Brent Douglas King  | 22,500                              | -                                      |
| Daniel Casey        | 15,000                              | 310,000                                |
| Darryl Davies       | 14,348                              | -                                      |
| Daniel Leyden       | -                                   | 9,961                                  |
| Kirsten Taylor      | 15,000                              | -                                      |
| Marvin Yee          | 15,156                              | -                                      |
| Philip Wesley Brown | 15,000                              | -                                      |
| Simon McArley       | 18,750                              | -                                      |

The other remuneration for Daniel Casey of \$310,000 includes cash remuneration of \$161,200 and shadow share issuing of \$148,800.

The Directors of Greenfern Industries Limited did not receive any other benefits from Greenfern industries limited in the 12 months to 31 March 2022.



## Shareholder and statutory information

### **Directors' Remuneration and Other Benefits (continued)**

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#### **Employees Remuneration (Excluding Directors)**

| <b>Amount of Remuneration</b> | <b>Employees</b> |
|-------------------------------|------------------|
| \$100,001 to \$150,000        | 1                |
| \$150,001 to \$200,000        | 1                |

There were two employees received a remuneration above \$100,000 in FY2022 as shown in the above table.

#### **Directors' Indemnity and Insurance**

The Company has arranged policies of Directors' Liability insurance to ensure that generally, directors will incur no monetary loss as a result of action taken against them as directors.



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## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Greenfern Industries Ltd

#### Opinion

We have audited the consolidated financial statements of Greenfern Industries Ltd and its controlled entities (the Group) on pages 21 to 56, which comprise the consolidated statement of financial position as at 31 March 2022, and 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 2022, and 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 (NZ IFRS).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's 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 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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, Greenfern Industries Ltd or any of its controlled entities.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 1.5 in the financial statements, which indicates that the Group incurred a net loss of \$2,012,240 during the year ended 31 March 2022. As stated in Note 1.5, this event, along with other matters as set forth in Note 1.5, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### 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 *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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Services are provided by Crowe New Zealand Audit Partnership an affiliate of Findex (Aust) Pty Ltd.

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| Key Audit Matter   | How we addressed the Key Audit Matter  |
|--|--|
| <b>Related Party Transactions with Cannvalate Pty Limited</b>  |  |
| <ul style="list-style-type: none"> <li>▪ As outlined in note 18, the Group entered into a significant contract with a related party, Cannvalate Pty Limited. There were several key components to this contract, which gave rise to various significant balances in the Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position as at 31 March 2022.</li> <li>▪ Management judgement is required in assessing the true nature of each component under these contracts, and determining appropriate accounting treatment that applied.</li> </ul> | <ul style="list-style-type: none"> <li>▪ Documented our understanding of the relationship and its classification as a Related Party.</li> <li>▪ Reviewed the terms and conditions in the documents that formed the key contract.</li> <li>▪ Reviewed the related party amounts and balances to ensure they reflected the key terms and conditions of the contract. In addition to the review of the contract, enquiries were made with management, governance minutes and company market announcements were reviewed, to ensure appropriate disclosure of the key elements of the contract terms.</li> <li>▪ Performed procedures to reconcile Related Party Revenue, Expenditure, Assets, and Liabilities recognised during the year.</li> <li>▪ On a sample basis, these transactions and balances were tested to supporting documentation.</li> <li>▪ Assessed each significant component of the contract under the relevant accounting treatment.</li> <li>▪ Ensured that management judgements were supported by accurate and complete source documentation.</li> </ul> |

### 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 1 to 20, pages 57 to 65, and page 70, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, 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 to be materially misstated.

If, based on the work we have performed, we conclude that there is a 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 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.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.



We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that are of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Restriction on Use**

This report is made solely to the Group's Shareholders, as a body. Our audit has been undertaken so that we might state to the Group's Shareholders those matters 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 for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Michael Lee

For and on behalf of:

A handwritten signature in blue ink that reads "Crowe".

**Crowe New Zealand Audit Partnership**  
CHARTERED ACCOUNTANTS

Dated at Christchurch this 1st day of July 2022

*The title 'Partner' conveys that the person is a senior member within their respective division and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.*



#### **SOLICITORS**

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#### **SHARE REGISTRAR**

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#### **GREENFERN INDUSTRIES LIMITED**

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