GREENFERN
INDUSTRIES

ANNUAL REPORT 2023

FOR THE YEAR ENDED 31 MARCH 2023

Management commentary
(no financial statements)

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31 MARCH 2023

Certified B Corporation

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Management commentary
(no financial statements)

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Management commentary
(no financial statements)

DIRECTORS PROFILES

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.

PHILIP BROWN

CHAIRMAN OF THE BOARD

DANIEL CASEY

MANAGING DIRECTOR

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

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

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

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 currently provides a substantial share of the medicinal cannabis products prescribed in Australia.

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

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.

Management commentary
(no financial statements)

DIRECTORS PROFILES

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

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

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

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

KIRSTEN TAYLOR

INDEPENDENT DIRECTOR

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.

Management commentary
(no financial statements)

DIRECTORS' REPORT

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 Administration (TGA). Having a pillar of commitment to environmental sustainability, Greenfern is both a Toitū carbon net zero certified organisation and B-corp certified.

DIRECTORS' REPORT

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

FINANCIAL PERFORMANCE

Greenfern Industries has achieved an improved financial performance in the past year, with a revenue of $487 thousand, representing an increase of 240% over the previous year. Our net loss after tax remained unchanged from last year at $2.02 million. This revenue result puts us ahead of our listed peers in terms of revenue numbers and we expect this to increase over the next financial year as we begin to move our medicinal cannabis flower products into overseas markets. This growth can be attributed to the successful implementation of our strategic plan, which prioritised improving our operational efficiency and growth within the Australian prescriber market and investing in new product development within this sector.

MARKET EXPANSION

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

ENVIRONMENTAL SUSTAINABILITY

At Greenfern Industries, we are committed to conducting our business in an environmentally sustainable manner. We have continued to focus on reducing our carbon footprint by implementing energy-efficient technologies, reducing waste, and improving our supply chain. We have maintained our net carbonzero certification via Toitū Envirocare and are the only company in New Zealand from our sector to do so.

CORPORATE SOCIAL RESPONSIBILITY

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

HIGHLIGHTS

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

OUTLOOK

Despite the ongoing uncertainty in the global economy, we remain optimistic about the future of Greenfern Industries. We will continue to focus on improving our operational efficiency, investing in new product development, expanding our market presence, and conducting our business in an environmentally sustainable and socially responsible manner. We are confident that these efforts will help us to achieve our long-term growth objectives and create value for our shareholders.

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

On behalf of the Board of Directors

Philip Brown
Chairman

Daniel John Casey
Managing Director

CORPORATE GOVERNANCE STATEMENT

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

GFI was listed on NZX main board equity security market on 21 October 2021. The Board regularly reviews and assesses GFI's governance structures to ensure that they are consistent, both in form and in substance, with best practices. GFI is however in a startup phase for its business and has extremely limited management personnel and resources. The application of these resources needs to be balanced between establishing a financially sustainable business and finalising formal governance structures. In the year to 31 March 2023 the Board has focused on addressing the key requirements of the NZX Corporate Governance Code NZX rules but is yet to comply fully with all the recommendations of the code.

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

The NZX Corporate Governance Code was revised on 1 April 2023 after the Company's financial year ended and the Board has elected to report on the 17 June 2022 version of the NZX Corporate Governance Code.

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

PRINCIPLE 1 – CODE OF ETHICAL BEHAVIOUR

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

Recommendation 1.1

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

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

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

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

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

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

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

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

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

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

(h) manages breaches of the code

CORPORATE GOVERNANCE STATEMENT

COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2023:

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

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 2023:

GFI has adopted a Financial Product Dealing Policy for employees and directors. This policy requires prior approval of all transactions in GFI's quoted securities and other restricted securities, specifies blackout periods for trading and defines prohibited trading.

PRINCIPLE 2 – BOARD COMPOSITION & PERFORMANCE

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

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

Board Composition

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

As at 31 March 2023, the Board comprised of the following directors:

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

All directors have been appointed under the provisions of GFI's constitution. No director has been appointed by equity security holder under the Governing Document applying with NZX listing rule 2.4.

Simon McArley, Kirsten Taylor, Marvin Yee and Philip Brown are GFI's independent directors. GFI has considered the factors described in the NZX Corporate Governance Code that may impact director's independence before determining the independence of directors. None of the independent directors have a material relationship with GFI and none are involved in the day-to-day operation of the company.

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

Board Meetings

The Board met 11 times during the year, which enabled the Board to be provided with accurate timely information on all aspects of GFI's operations and to make informed decisions.

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

Board Members	Meetings Attended	Meetings Held
Simon McArley	11	11
Kirsten Taylor	11	11
Marvin Yee	7	11
Daniel Casey	11	11
Philip Brown	11	11
Darryl Davies	11	11

Gender Diversity

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

	as at 31 March 2023		as at 31 March 2022	
	Directors	**Officers***	**Directors**	**Officers***
Female	1	0	1	0
Male	5	1	6	2
Total	6	1	7	2

*Officers excludes any directors of the Company.

Darryl Davies resigned from the board on 14t June This will reduce the number of male directors from 5 to 4 and the total number of directors from 6 to 5 from 14 June onwards.

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 2023:

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

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

Recommendation 2.2

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

COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2023:

The company has not complied with the recommendation during the year to 31 March 2023. However a draft procedure for Nomination and Appointment of Directors has been prepared and will be finalised as management resource becomes available to address this. The draft procedure complies with the recommendation and once the policy has been finalised and adopted, 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 2023:

GFI has entered into a written agreement with each director establishing the terms of their appointment. No new directors have been appointed during the year to 31 March 2023.

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 2023:

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

CORPORATE GOVERNANCE STATEMENT

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 2023:

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

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

Recommendation 2.6

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

COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2023:

The company has not complied with the recommendation during the year to 31 March 2023, as the board has not undertaken any training. However, the Board members understand their obligations as Directors of a publicly listed Company and plan to undertake training when necessary to remain current on how to best perform their duties.

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 2023:

Director and Board performance is considered crucial to the success of GFI and its subsidiaries. However, as a start-up company, the company has not complied with the recommendation during the year to 31 March 2023 as GFI has no written assessment procedure in place. The Board however intends to establish a formal procedure for regular review of its performance and the performance of its members. This will include an assessment of whether the composition of the board is adequate and whether any training is needed for Directors. A draft has been formulated

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

Recommendation 2.8

A majority of the board should be independent directors.

COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2023:

4 of the 6 Directors of GFI have been identified as Independent Directors of GFI. GFI accordingly complies with the recommendation.

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

Darryl Davies is expected to resign from the Board in June. As Darryl is not an independent director, GFI's Board of Directors will continue to have of a majority of independent directors.

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 2023:

For the period to 31 October 2022, Brent King was chair of GFI. Mr King was not an independent director, but throughout that period, he was a non-executive director, and GFI had a separate CEO, Managing Director Daniel Casey. From 31 October 2022, Philip Brown has been the Chair of GFI and has been identified as being an independent Director.

GFI accordingly has complied with the recommendation.

Mr. Philip Brown will stand down as Chair of the company from 30 June 2023 but will retain his position as a director. It is anticipated that the Directors of GFI will discuss appointing one of the remaining directors as Chair of the Company at the next Board Meeting.

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 2023:

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

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

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

Simon McArley	**Chair of Audit Committee, Independent Director**
Kirsten Taylor	**Independent Director**
Marvin Yee	**Independent Director**
Philip Brown	**Independent Director**

The audit committee responsibilities include the following:

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

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

Recommendation 3.2

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

COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2023:

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 2023:

Remuneration committee responsibilities were dealt with by the full Board during the year ended 31 March 2023.

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 2023:

Nomination committee responsibilities were dealt with by the full Board during the year ended 31 March 2023.

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 2023:

During the year the Board considered whether it is necessary to have any other board committees during the year. Given the limited size and scope of the company's business the board concluded that it was more appropriate for the Board to assume these responsibilities during the year to 31 March 2023.

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 2023:

The company has not complied with the recommendation during the year to 31 March 2023 as GFI has not yet established a formal written Takeover Response Procedure. However, GFI intends to do so as soon as management resources are available to do so. Once finalised, the procedure will be published on GFI's website.

PRINCIPLE 4 – REPORTING & 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 2023:

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

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

Recommendation 4.2

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

COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2023:

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

Recommendation 4.3

Financial reporting should be balanced, clear and objective. 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 2023:

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 2023, the Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of GFI and the Group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Managing Director and Chief Financial Officer have confirmed in writing to the Board that GFI's financial reports present a true and fair view in all material aspects.

Non-financial reporting

The company has not complied with the recommendation during the year to 31 March 2023, as non-financial disclosure has not been completed. Due to its current size, GFI is in the early stages of considering how and to what extent it should report on non-financial information such as environmental, social and governance matters (ESG). GFI does not currently have a formal ESG reporting framework. However, this is being considered by the Board with the intention that GFI will report on these non-financial matters in the future.

PRINCIPLE 5 – REMUNERATION

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

Recommendation 5.1

An issuer should 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 2023:

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

Recommendation 5.2

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

COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2023:

The company has not complied with the recommendation during the year to 31 March 2023 as it is yet to adopt a formal written Remuneration Policy.

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

Recommendation 5.3

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

COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2023:

Information in relation to the remuneration arrangements in place for Daniel Casey (Managing Director) is included in the Shareholder and Statutory Information section of this Annual Report. Daniel Casey received a director fee of $30,000 and a salary of $159,471 in the period to 31 March 2023.

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 material risks facing the business and how these are being managed.

COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2023:

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

The company has not complied with the recommendation during the year to 31 March 2023 as GFI is still in the process of formalising a written Risk Management and Compliance Framework, which will identify the material risks affecting the business and provide controls and reporting structures to manage and monitor these risks. Completion of this is a priority for the Board.

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 2023:

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

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

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

It is believed that all the risks registered have been reduced from a high level to a low level. No health and safety incidents have been reported during the year ended 31 March 2023.

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 2023:

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

For the financial year ended 31 March 2023, Crowe was GFI's external auditor. The statutory audit services are fully separated from non-audit services to ensure that appropriate independence is maintained. The amount of fees paid to 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 2023:

Crowe attended and the lead audit partner was available to answer questions from shareholders at, the 2022 annual meeting held on 22 September 2022.

Crowe has been invited to attend the 2023 annual meeting, and the lead audit partner is again expected to be available to answer questions from shareholders at that meeting.

Recommendation 7.3

Internal audit functions should be disclosed.

COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2023:

GFI did not have a dedicated internal auditor role during the period to 31 March 2023. Due to the limited size and scale of GFI's business, the Board and the Audit Committee oversee GFI's operation, and GFI and its subsidiaries have internal systems and controls in place for monitoring financial operations. .

PRINCIPLE 8 – SHAREHOLDER RIGHTS & RELATIONS

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

Recommendation 8.1

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

CORPORATE GOVERNANCE STATEMENT

COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2023:

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

Recommendation 8.2

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

COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2023:

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

Recommendation 8.3

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

COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2023:

Shareholders have been given the right to vote on all major decisions in line with the NZX Rules during the year ended 31 March 2023.

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 2023:

During the year, GFI sought additional equity capital through both a wholesale placement or 559,775 ordinary shares and a non-renounceable pro-rata rights issue of 21,758,547 ordinary shares to existing equity security holders on the same terms.

Other allotments of shares were made during the year being an issue of 561,577 ordinary shares to Directors, an issue of 488,053 ordinary shares to employees and an issue of 26,158 ordinary shares to contractors. These issues were made in part through payment of fees and remuneration due to those directors, employees and contractors. In these circumstances, the Board did not believe it was practical or cost-effective to extend the offer to all shareholders.

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

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

Recommendation 8.5

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

COMPLIANCE WITH RECOMMENDATION DURING THE YEAR ENDED 31 MARCH 2023:

Notice of the 2022 annual meeting was delivered to shareholders on the 22nd August 2022, which was 20 working days prior to the Annual Meeting.

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

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 NZ$	2022 Restated NZ$
Operating Revenue	2	550,876	162,186
Cost of Sales	3	(63,511)	(156,043)
Gross profit		**487,365**	**6,143**
Other Income	2	-	16,462
Expenses			
Selling and Distribution Expenses	3	(199,169)	(41,887)
Administration Expenses	3	(2,040,167)	(2,099,717)
		(2,239,336)	**(2,141,604)**
Operating loss		**(1,751,971)**	**(2,118,999)**
Finance Expense	3	(75,875)	(159)
Gain/(Loss) on Fixed Asset/Investment Disposal		(39,830)	-
Movement in Fair Value of Financial Asset	3	(153,865)	106,917
		(269,571)	**106,758**
Loss before income tax		**(2,021,542)**	**(2,012,240)**
Income Tax Expense/(Benefit)	4	-	-
Loss for the year		**(2,021,542)**	**(2,012,240)**
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(2,021,542)**	**(2,012,240)**
Loss per share:			
Basic and Diluted Earning per Share in NZ$	5	(0.02075)	(0.04289)

The final financial statements are to be read in conjunction with the notes to the financial statements set out on pages 26 to 65.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Notes	2023 NZ$	2022 NZ$
SHAREHOLDERS EQUITY			
Issued share capital	6	10,309,704	8,588,273
Accumulated losses		(7,045,719)	(5,024,177)
Total equity attributable to shareholders of the company		**3,263,985**	**3,564,096**
Represented by:			
CURRENT ASSETS			
Cash and cash equivalents	7	922,607	849,361
Trade and other receivables	8	309,119	38,914
Bartercard	12	100,000	100,000
Inventories	10	24,272	-
Other current assets	9	464,615	663,815
Total current assets		**1,820,612**	**1,652,090**
NON-CURRENT ASSETS			
Other non-current assets	9	-	2,500
Other financial assets	14	200	161,117
Bartercard	12	23,659	93,619
Property, plant and equipment	11	2,491,303	1,999,238
Intangible assets	13	10,554	11,727
Total non-current assets		**2,525,717**	**2,268,201**
TOTAL ASSETS		**4,346,329**	**3,920,291**
CURRENT LIABILITIES			
Trade and other payables	16	430,719	356,195
Borrowings	17	651,625	-
Total current liabilities		**1,082,344**	**356,195**
NON-CURRENT LIABILITIES			
Other liabilities		-	-
Total non-current liabilities		-	-
TOTAL LIABILITIES		**1,082,344**	**356,195**
NET ASSETS		**3,263,985**	**3,564,096**

For and behalf of the Board, dated 21 June 2023

Director

Director

The final financial statements are to be read in conjunction with the notes to the financial statements set out on pages 26 to 65.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Issued Share Capital NZ$	Accumulated Loss NZ$	Total NZ$
Balance as at 1 April 2021		**5,363,473**	**(3,011,937)**	**2,351,536**
Comprehensive income				
Net loss for the financial year		-	(2,012,240)	(2,012,240)
Other comprehensive income				
Total comprehensive income		**-**	**(2,012,240)**	**(2,012,240)**
Transactions with owners				
Contributions of equity net of transaction costs	6	3,224,800	-	3,224,800
Total transactions with owners		**3,224,800**	**-**	**3,224,800**
BALANCE AS AT 31 MARCH 2022		**8,588,273**	**(5,024,177)**	**3,564,096**
Comprehensive income				
Net loss for the financial period		-	(2,021,542)	(2,021,542)
Other comprehensive income				
Total comprehensive income/(loss)		**-**	**(2,021,542)**	**(2,021,542)**
Transactions with owners				
Contributions of equity net of transaction costs	6	1,721,431	-	1,721,431
Total transactions with owners		**1,721,431**	**-**	**1,721,431**
BALANCE AS AT 31 MARCH 2023		**10,309,704**	**(7,045,719)**	**3,263,985**

The final financial statements are to be read in conjunction with the notes to the financial statements set out on pages 26 to 65.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 NZ$	2022 Restated NZ$
Cash flows from operating activities			
Cash was received from:			
Receipts from customers		280,671	137,433
Other income received	2	-	16,462
Cash was applied to:			
Payments to suppliers and employees		(1,654,873)	(2,231,929)
Interest paid	3	(5,496)	(159)
Net cash outflow from operating activities		**(1,379,698)**	**(2,078,193)**
Cash flows from investing activities			
Cash was received from:			
Proceeds from sale of financial and fixed assets	14	12,406	10,000
Cash was applied to:			
Purchase of property, plant and equipment	11	(655,909)	(488,633)
Purchase of intangible assets	13	-	(9,500)
Purchase of financial assets	14	-	(50,000)
Net cash outflow from investing activities		**(643,502)**	**(538,133)**
Cash flows from financing activities			
Cash was received from:			
Proceeds from share issue		1,847,084	2,171,300
Proceeds from borrowings	17	651,625	
Cash was applied to:			
Payment for share issue transaction costs		(371,511)	-
Net cash inflow from financing activities		**2,127,199**	**2,171,300**
Net increase/(decrease) in cash and cash equivalents		**103,998**	**(445,026)**
Foreign exchange currency translation on amounts due in foreign currency		(30,752)	(2,667)
Cash and cash equivalents at the beginning of the year		**849,361**	**1,297,054**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**922,607**	**849,361**

The final financial statements are to be read in conjunction with the notes to the financial statements set out on pages 26 to 65.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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 2023 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 distributor and licensor of therapeutic products.

1.1 STATEMENT OF COMPLIANCE

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

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

1.2 BASIS OF PREPARATION

Historical Cost Convention

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

Fair value measurement

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

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

Significant accounting estimates and judgements

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

Current and non current classification

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

Critical accounting judgments and key sources of estimation uncertainty

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

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

Impairment of trade and other receivables -
In determining the impairment of trade, other and related party receivables provision, the Group assesses the balances by applying the expected loss and forward looking approach under NZ IFRS 9. This assessment involves making estimates and judgements regarding the historical data and trends, factors such as economic conditions, external ratings, cash flow projections and other information available that impacts the customers of the Group. No impairment of trade and other receivables has been recognised in the 2023 year.

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

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

Impairment of property, plant and equipment -
In determining whether an item of property, plant and equipment is impaired, the Group applies NZ IAS 36 Impairment of Assets. This assessment involves the review of the carrying amount of its assets or cash-generating unit and if this exceeds the recoverable amount. This assessment involves estimating the value in use of an asset and estimating the future cash inflows and outflows to be derived from the continued use of the asset and its disposal and applying an appropriate discount rate to those future cash flows. No impairment of property, plant and equipment recognised in the 2023 year.

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

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

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

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

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

1.3 NEW ACCOUNTING STANDARDS ADOPTED

No new standards, amendments to standards and interpretations to existing standards which are mandatory for the first time for year ended 31 March 2023 have been adopted by the Group.

1.4 PRINCIPLES OF CONSOLIDATION

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

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

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

1.5 RESTATEMENT OF COMPARATIVES

Certain comparatives amounts have been re-stated to conform with the current periods presentation to better reflect the nature of the financial position and performance of the Group

1.6 MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

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

The Group is in its start-up phase, and the industry in which it operates in the New Zealand and Australian markets is still in its early stages. Throughout the year, the Group's primary objective was to continue researching and developing medicinal cannabis products for mass production. As a result, the Group has reported a loss for the 2023 year of $2,021,542 (2022: loss of $2,012,240) and operating cash outflows of $1,379,698 (2022: $2,078,193). The Group's revenue increased significantly as a result of its success in the Australian prescriber market.

Borrowings of $615,900 are due to be repaid by August 2023. The Directors are in discussion with Crown Financial Services Limited for an extension.

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

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

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

1. The Board of Directors has evaluated cash flow projections for the 18 months following the date on which the financial statements were signed and has a reasonable expectation that the Group has sufficient resources to continue operating for the foreseeable future.
2. As at 31 March 2023, the Group's Cash and Cash Equivalents balance was $922,607 (2022: $849,361), and its positive working capital was $738,268 (2022: $1,295,955). In April 2023, the Group also recovered more than $200,000 outstanding debt.
3. As mentioned above, the completion of the new stage cultivation facility will bring another major revenue stream to the Group. The overall construction is mostly complete, with an estimating commissioning date of June/July 2023.
4. During the 2023 period, the Group's revenue increased considerably, and this trend is forecast to continue during the 2024 year. The Group expects the Australian prescriber market will continue to expand, as the Group has achieved a larger customer base and a satisfied repurchase rate in the prior year. In addition the Group anticipates a significant increase in revenue due to the opening of the cultivation facility.
5. The Group raised approximately $1.7 million in equity through wholesale allocations of shares during the fiscal year ending on 31 March 2023. The management is confident in the fundraising activities for the upcoming fiscal year 2024 due to past fundraising successes. The Group will seek further capital of $1 million in 2024.
6. Directors are confident that Crown Financial Services Limited borrowings can be extended for an additional 12 months.

Directors have also considered the impact of:

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

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

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

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

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

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

1.7 FOREIGN CURRENCY

Foreign Operations

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

Foreign Currency Transactions

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

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

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

1.8 GOODS AND SERVICES TAX ("GST")

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

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

1.9 REVENUE

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

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

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

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

Sale of goods - Contracts with customers

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

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

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

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

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

License fees

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

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

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

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

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.

1.10 INCOME TAX

Taxation expense comprises both current and deferred tax.

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

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

1.11 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.

1.12 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.

1.13 BIOLOGICAL ASSETS

The Group is still engaged in significant research and development activities and, as a result, plants and produce generated by these operations are not currently being developed for sale, or converted into agricultural produce or other biological assets. As they cannot be traded, they have no value from a product manufacturing perspective. Therefore, in accordance with NZ IAS 41 Agriculture, the related costs are recognised in profit or loss, rather than in the recognition of biological assets, until the Group has moved beyond the research and development stage. Once commercial production is permitted by regulation and used for commercial production, the agricultural assets will be recognised at fair value.

1.14 FINANCIAL INSTRUMENTS

Initial recognition and measurement

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

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

FINANCIAL ASSETS

Classification of financial assets

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

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

(b) measured at amortised cost

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

Amortised cost

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

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

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

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

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

Derecognition

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

FINANCIAL LIABILITIES

Financial liabilities at amortised cost

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

Other financial liabilities

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

1.15 PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

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

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

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

Subsequent costs

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

Depreciation

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

Asset Class	Depreciation Rate	Useful Life
Assets Under Construction	0% Not Depreciated	
Plant & Equipment	13.5% - 67% Diminishing Value 7% Straight Line	3 - 15 years
Facility Taranaki	2% - 67% Diminishing Value	3 - 66 years
Facility Otago	8% - 13% Diminishing Value	11 - 16 years
Power Station	2% - 40% Diminishing Value	3 - 66 years

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

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

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

Assets under construction consist of work in progress relating to the Power Station and Taranaki Facility. The company has not depreciated items included under this asset category during the 2023 year. Items under assets under construction are measured at cost.

1.16 INTANGIBLE ASSETS

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

1.17 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.

1.18 IMPAIRMENT OF ASSETS

Financial assets

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

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

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

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

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

Non-financial assets

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

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

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

All impairment losses are immediately recognised through profit and loss.

1.19 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.

1.20 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.

1.21 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. Transactions 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.

1.22 SHADOW SHARES

Employees (including senior executives) of the Group previously received 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). This arrangement was wound up in 2022.

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.

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.

1.23 SHARE BASED PAYMMENTS POLICY

Equity settled share based payments

The grant-date fair value of equity-settled share-based payments arrangements to supplier, Directors and employees is recognised as an expense, with the corresponding increase in equity. All goods and services received in exchange for any share-based payments are measured at their fair values. The shares quantity is calculated with reference to a 30-day volume weighted average price.

1.24 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 and index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

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

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

1.25 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.

1.26 CASH FLOWS

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

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

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

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

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

2. REVENUE

	Note	2023 $	2022 Restated $
Operating revenue - at point in time			
Sales - Hemp Meal		39,355	17,270
Sales - Hemp Products		6,185	3,304
Sales - Licensed Fees	19	473,535	67,750
Sales - Electricity		31,188	58,909
Other Income		613	14,953
Total operating revenue		**550,876**	**162,186**
Other income			
Research and Development Tax Credit		-	16,462
Total other income		**-**	**16,462**
TOTAL REVENUE		**550,876**	**178,648**

Performance Obligations and Revenue Recognition

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

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

	Note	2023 $	2022 Restated $
Sales - Licensed fees			
Gross customer fees	19	922,130	118,918
Amortised customer costs of fulfilment	19	-448,595	-51,168
Total revenue		**473,535**	**67,750**

Operating revenue - Geographical locations

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

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

	Sales of Goods - at point in time NZ$	Sale of License Fees - at point in time NZ$	Sales of Electricity - at point in time NZ$	Total NZ$
31 March 2022				
Australia	-	67,750	-	67,750
New Zealand	35,527	-	58,909	94,436
OPERATING REVENUE	**35,527**	**67,750**	**58,909**	**162,186**

3. EXPENSES

	Note	2023 NZ$	2022 NZ$
Included in Cost of Sales			
Purchases - Hemp Meal		40,871	93,243
Direct Costs/Purchases - Hemp Products		5,947	6,403
Direct Costs - Electricity Network		16,692	14,365
Included in Selling and Distribution Expenses			
Commissions/Incentives (Shared based payments)	26	150,000	-
Included in Administration Expenses			
Amortisation of Intangible Assets	13	1,173	650
Depreciation - Property, Plant and Equipment	11	118,658	105,945
Direct Listing Fees		-	414,520
Directors Fees	19	217,500	120,753
Rent	25	36,788	30,720
Research and Development Expenses		352,212	167,046
Salaries		599,554	494,712
Share based payments included in above are disclosed at Note 26			
Auditors' Remuneration			
Crowe New Zealand Audit Partnership - Audit of financial statements		97,436	67,450
Finance Costs			
Interest Expense		75,875	159
Fair Value Revaluation			
Fair Value (Gain)/Loss on Other Financial Assets	15	153,865	(106,917)

The auditors of the financial statements for 2023 were Crowe New Zealand Audit Partnership (2022: Crowe New Zealand Audit Partnership).

4. INCOME TAX EXPENSE

4.1. COMPONENTS OF INCOME TAX EXPENSE

	2023 NZ$	2022 NZ$
Current year income tax charge	-	-
Deferred tax movements	-	-
INCOME TAX EXPENSE	-	-
Reconciliation of effective tax rate		
Profit/(loss) before income tax	(2,021,542)	(2,012,240)
Income tax expense/(benefit) calculated at 28%	**(566,032)**	**(563,427)**
Expected income expense/(benefit)	**(566,032)**	**(563,427)**
Adjustments		
Non deductible expenses	45,466	144,183
Non taxable income	-	(34,546)
Deferred tax movements relating to origination and reversal of temporary differences including adjustments to deferred tax	17,222	(319,901)
Losses not recognised and carried forward	503,344	773,691
INCOME TAX EXPENSE	-	-

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

4.2 DEFERRED TAX ASSETS AND LIABILITIES

	2023 NZ$	2022 NZ$
Deferred tax assets/(liabilities) arising from the following:		
Unused tax losses	1,683,460	1,180,117
Provisions and accruals	41,053	23,831
Deferred tax not recognised	(1,724,513)	(1,203,948)
DEFERRED TAX ASSETS AS AT 31 MARCH	-	-

Deferred tax assets and liabilities

	Opening Balance 1 April NZ$	Movements NZ$	Balance as at 31 March NZ$
31 March 2022			
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)**
	-	-	-
31 March 2023			
Unused tax losses	1,180,117	503,343	**1,683,460**
Provisions and accruals	23,831	17,222	**41,053**
Deferred tax not recognised	(1,203,948)	(520,565)	**(1,724,513)**
	-	-	-

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

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

The Group has not recognised the deferred tax asset of $1,724,513 on its Statement of Financial Position as at reporting date. In deciding whether to recognise the deferred tax assets, the Group also considers whether it is likely that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted.

5. EARNINGS PER SHARE

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

	2023 NZ$	2022 NZ$
Basic earnings per share		
Profit/ (Loss) after taxation attributable to equity holders of the parent	(2,021,542)	(2,012,240)
Weighted Average number of ordinary shares on issue	97,408,768	46,915,491
Basic and Diluted Earning per share in NZ$	(0.02075)	(0.04289)

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

6. AUTHORISED AND ISSUED SHARE CAPITAL

	Shares Issued	NZ$
Ordinary shares on issue at 1 April 2021	**8,870,598**	**5,363,473**
Movement for 2022 financial year		
Gross ordinary shares authorised and issued	76,089,786	3,337,500
Transaction costs on ordinary shares authorised and issued	-	(112,700)
Net ordinary shares authorised and issued	**76,089,786**	**3,224,800**
ORDINARY SHARES ON ISSUE AT 31 MARCH 2022	**84,960,384**	**8,588,273**
Movement for 2023 financial year		
Gross ordinary shares authorised and issued	24,896,768	2,092,942
Transaction costs on ordinary shares authorised and issued	-	(371,511)
Net ordinary shares authorised and issued	**24,896,768**	**1,721,431**
ORDINARY SHARES ON ISSUE AT 31 MARCH 2023	**109,857,152**	**10,309,704**

A total number of 24,896,768 shares were issued by the company during the year ended 31 March 2023. 22,943,321 shares were issued (value $1,847,566) through wholesale offer and rights issued and 1,953,447 shares (value $245,376) were issued under a share based payment agreement (see note 26).

All ordinary shares issued are fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary share and have equal dividend rights and no par value. No dividends have been declared or paid for the year ended 31 March 2023 (2022: $nil).

7 CASH AND CASH EQUIVALENTS

	2023 NZ$	2022 NZ$
Cash at bank and on hand	922,607	849,361
TOTAL CASH AND CASH EQUIVALENTS	**922,607**	**849,361**

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

8. TRADE AND OTHER RECEIVABLES

	Note	2023 NZ$	2022 NZ$
Trade receivables - third parties		6,842	21,198
Trade receivables - related parties	19	302,277	17,716
		309,119	**38,914**
Allowance for impairment losses		-	-
TOTAL TRADE AND OTHER RECEIVABLES		**309,119**	**38,914**

	2023 NZ$	2022 NZ$
Analysis of trade and other receivables		
Current	116,171	27,882
Past due 0-30	46,603	3,220
Past due 31-90	145,862	3,443
Past due more than 90	483	4,369
	309,119	**38,914**

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

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

The gross carrying amount of a financial asset is written off (i.e., reduced directly) when the counterparty is in severe financial difficulty and the Group has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the Group. Recoveries, if any, are recognised in profit or loss.

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

The group applies both a specific loss component and a collective loss component in determining the allowance for impairment. The specific loss component considers and relates to individually significant exposures and the collective loss component is based on expected losses that are established for groups of similar assets. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. The Group also considers other forward looking economic factors in determining the impairment of trade, other and related party receivables. No impairment allowance has been recognised (2022: $nil).

9. OTHER CURRENT ASSETS

	Note	2023 NZ$	2022 NZ$
Other Current Assets			
Customer fulfilment costs	19	197,209	273,995
Prepayments to related parties	19	-	72,917
Prepayments to other suppliers		132,482	156,345
GST receivable		134,924	160,558
TOTAL OTHER CURRENT ASSETS		**464,615**	**663,815**
Other Non-current Assets			
Prepayment to other suppliers		-	2,500
TOTAL NON-CURRENT ASSETS		**-**	**2,500**

Customer fulfilment costs

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

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

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

(c) the costs are expected to be recovered

Customer fulfilment costs are amortised on Cannvalate product sales.

10 INVENTORIES

	2023 NZ$	2022 NZ$
Hemp products	24,272	-
Work in progress	-	-
	24,272	**-**
Less: Provision for closing inventory	-	-
TOTAL INVENTORIES	**24,272**	**-**

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

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

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

11. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment NZ$	Facility Otago NZ$	Power Station NZ$	Facility Taranaki NZ$	Assets under construction - work in progress NZ$	Total NZ$
AS AT 31 MARCH 2022						
Cost						
Cost as at 1 April 2021	35,659	48,378	810,021	758,462	-	**1,652,520**
Transfers from work in progress	-	-	-	-	-	-
Transfers to property, plant and equipment	-	-	-	-	-	-
Additions	6,523	2,217	87,310	137,925	254,659	**488,634**
Cost as at 31 March 2022	**42,182**	**50,596**	**897,330**	**896,387**	**254,659**	**2,141,154**
Accumulated Depreciation						
Accumulated depreciation at 1 April 2021	(19,575)	(874)	-	(26,536)	-	**(46,985)**
Depreciation - prior period adjustment	11,014	-	-	-	-	**11,014**
Depreciation charge for the year	(9,805)	(4,537)	(24,827)	(66,776)	-	**(105,945)**
Accumulated Depreciation at 31 March 2022	**(18,366)**	**(5,411)**	**(24,827)**	**(93,312)**	**-**	**(141,916)**
Carrying Amount						
Cost	42,182	50,596	897,330	896,387	254,659	**2,141,154**
Accumulated depreciation	(18,366)	(5,411)	(24,827)	(93,312)	-	**(141,916)**
CARRYING AMOUNT 31 MARCH 2022	**23,816**	**45,185**	**872,503**	**803,075**	**254,659**	**1,999,238**
AS AT 31 MARCH 2023						
Cost						
Cost as at 1 April 2022	42,182	50,596	897,330	896,387	254,659	**2,141,154**
Transfers from work in progress	-	-	-	438,694	-	**438,694**
Transfers to property, plant and equipment	-	-	-	-	(438,694)	**(438,694)**
Disposals	-	(50,596)	-	-	-	**(50,596)**
Additions	5,348	-	-	74,198	576,363	**655,909**
Cost as at 31 March 2023	**47,530**	**-**	**897,330**	**1,409,279**	**392,328**	**2,746,467**
Accumulated Depreciation						
Accumulated depreciation at 1 April 2022	(18,366)	(5,411)	(24,827)	(93,312)	-	**(141,916)**
Disposal	-	5,411	-	-	-	**5,411**
Depreciation charge for the period	(8,069)	-	(26,418)	(84,171)	-	**(118,658)**
Accumulated Depreciation at 31 March 2023	**(26,435)**	**-**	**(51,245)**	**(177,483)**	**-**	**(255,163)**
Carrying Amount						
Cost	47,530	-	897,330	1,409,279	392,328	**2,746,467**
Accumulated depreciation	(26,435)	-	(51,245)	(177,483)	-	**(255,163)**
CARRYING AMOUNT 31 MARCH 2023	**21,095**	**-**	**846,085**	**1,231,796**	**392,328**	**2,491,303**

The assets under improvement consisted of work in progress assets for the Taranaki Facility $250,670 and Power Station $141,658. No assets were impaired or disposed of during the year.

Property plant and equipment are secured as disclosed in note 17

12. BARTERCARD

	2023 NZ$	2022 NZ$
Bartercard balance:		
Current	100,000	100,000
Non- current	23,659	93,619
	123,659	**193,619**
Opening Balance	**193,619**	**75,027**
Trade Dollars earned	9,012	127,487
Trade Dollars spent	78,972	8,895
CLOSING BALANCE	**123,659**	**193,619**

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

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

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

13. INTANGIBLE ASSETS

	Graphic design NZ$	Trademarks NZ$	Total NZ$
YEAR ENDED 31 MARCH 2022			
Cost			
Cost as at 1 April 2021	662	2,650	3,312
Additions	9,500	-	9,500
Cost as at 31 March 2022	**10,162**	**2,650**	**12,812**
Accumulated Amortisation			
Accumulated amortisation 1 April 2021	(35)	(400)	(435)
Amortisation for the year	(425)	(225)	(650)
Accumulated amortisation and impairment as at 31 March 2022	**(460)**	**(625)**	**(1,085)**
Carrying Amount			
Cost	10,162	2,650	12,812
Accumulated amortisation and impairment	(460)	(625)	(1,085)
CARRYING AMOUNT 31 MARCH 2022	**9,702**	**2,025**	**11,727**
YEAR ENDED 31 MARCH 2023			
Cost			
Cost as at 1 April 2022	10,162	2,650	12,812
Additions	-	-	-
Cost as at 31 March 2023	**10,162**	**2,650**	**12,812**
Accumulated Amortisation			
Accumulated amortisation 1 April 2022	(460)	(625)	(1,085)
Amortisation for the period	(970)	(203)	(1,173)
Accumulated amortisation and impairment as at 31 March 2023	**(1,430)**	**(827)**	**(2,257)**
Carrying Amount			
Cost	10,162	2,650	12,812
Accumulated amortisation	(1,430)	(827)	(2,257)
CARRYING AMOUNT 31 MARCH 2022	**8,732**	**1,823**	**10,554**

14. OTHER FINANCIAL ASSETS

Non-current assets

	2023 NZ$	2022 NZ$
Financial assets at fair value through profit and loss		
Shares in listed companies		
RUA Bioscience Limited	-	7,052
	-	**7,052**
Shares in unlisted companies		
Sustainable Foods Limited	-	153,865
Hempseed Holdings Limited	200	200
	200	**154,065**
Total financial assets at fair value through profit and loss	**200**	**161,117**
TOTAL OTHER FINANCIAL ASSETS	**200**	**161,117**

Shares - RUA Bioscience Limited

The shares in RUA Bioscience Limited was sold on the NZX equity security market during this period, and a loss on disposal of $1,646 was recognised.

Shares - Sustainable Foods Limited

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

Shares - Hempseed Holdings Limited

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

15. FAIR VALUE MEASUREMENT

(a) Fair Value Hierarchy

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

RECURRING FAIR VALUE MEASUREMENTS

	Level 1 NZ$	Level 2 NZ$	Level 3 NZ$	Total NZ$
Financial Assets				
31 MARCH 2023				
Financial assets at fair value through profit or loss				
Shares - RUA Bioscience Limited	-	-	-	-
Shares - Sustainable Foods Limited	-	-	-	-
Shares - Hempseed Holdings Limited	-	-	200	200
TOTAL FINANCIAL ASSETS	**-**	**-**	**200**	**200**
31 MARCH 2022				
Financial assets at fair value through profit or loss				
Shares - RUA Bioscience Limited	7,052	-	-	7,052
Shares - Sustainable Foods Limited	-	153,865	-	153,865
Shares - Hempseed Holdings Limited	-	-	200	200
TOTAL FINANCIAL ASSETS	**7,052**	**153,865**	**200**	**161,117**

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 :

	2023 NZ$	2022 NZ$
Shares - RUA Bioscience Limited	-	3,052
Shares - Sustainable Foods Limited	(153,865)	103,865
	(153,865)	**106,917**

16. TRADE AND OTHER PAYABLES

	Note	2023 NZ$	2022 NZ$
Trade and other payables		252,205	167,453
Related party payables	19	145,459	144,974
Employee entitlements		33,055	43,768
TOTAL TRADE, OTHER AND RELATED PARTY PAYABLES		**430,719**	**356,195**

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

17. BORROWINGS

	Note	2023 NZ$	2022 NZ$
Current			
Crown Financial Services Limited (secured)	19	615,900	-
Frank Risk Management (Wellington) Limited		35,725	-
		651,625	**-**

The Group received a secured loan of $600,000 plus an establishment fee of $15,900 from related party Crown Financial Services Limited on 17 August 2022. The loan is for a term of 12 months and is subject to an annual interest rate of 18.3% per annum and a default interest rate of 22.5% per annum.

The loan will be secured by:

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

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

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

18. NET CASH OUTFLOW FROM OPERATING ACTIVITIES

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

	2023 NZ$	2022 NZ$
Loss before taxation	(2,021,542)	(2,012,240)
Adjustment for non cash items		
Amortisation and impairment of intangible assets	1,173	650
Depreciation of property, plant and equipment	118,658	94,931
Fair value adjustment to financial instruments	153,865	(106,917)
Foreign exchange differences	30,752	2,667
Gain/loss on disposal of financial and fixed assets	39,830	-
Equity settled share based payments	245,858	120,000
Adjustment for movements in working capital items		
(Increase)/decrease trade and other receivables	(270,205)	(24,752)
(Increase)/decrease inventories	(24,272)	48,430
(Increase)/decrease prepayments	124,914	(307,555)
(Increase)/decrease customer fulfilment costs	76,786	-
(Increase)/decrease Bartercard	69,959	(118,592)
Increase/(decrease) trade and other payables	74,524	225,185
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	**(1,379,698)**	**(2,078,193)**

There are no non cash items arising from financing activity.

19. RELATED PARTIES

Related Parties:

PARENT AND ULTIMATE CONTROLLING PARTY

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

SUBSIDIARIES

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

Cannabis and Bioscience	Shareholder and entity controlled by director Brent Douglas King
Cannvalate Pty Limited	Shareholder and entity controlled by director Darryl Davies
CBC Greenfern	Shareholder and entity controlled by director Brent Douglas King
Crown Financial Services Limited	Shareholder and entity controlled by director Marvin Yee
CyberCom Technologies Limited	Common directorship by director Marvin Yee
Explore and Discover Pty Limited ATF the Davies Family Trust	Company associated to company's director Darryl Davies
General Capital Limited	Common directorship by director Simon McArley
Investment Research Group (IRG)	Shareholder and entity controlled by director Brent Douglas King
Mitakuye Owasin Trust	Entity controlled by management
Moneyonline Limited	Entity controlled by director Brent Douglas King
Prime Assets Limited	Shareholder and entity controlled by director Phillip Wesley Brown

Related party balances

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

	Nature of Transactions	2023 NZ$	2022 NZ$
Related Party Receivables			
Cannvalate Pty Ltd	License fees	302,277	17,716
		302,277	**17,716**
Related Party Payables			
Cannvalate Pty Ltd	Cost of service	55,459	144,974
Crown Finanical Services Limited	Interest accrued	70,379	-
CyberCom Technologies Limited	Director fee	7,500	-
Explore and Discover Pty Ltd ATF the DT Davies Family Trust	Director fee	2,500	-
Prime Assets NZ Limited	Director fee	4,313	-
Mitakuye Owasin Trust	Consulting fee	5,308	-
		145,459	**144,974**
Customer Fulfilment Costs			
Cannvalate Pty Ltd	Prepayment of services	197,209	273,995
		197,209	**273,995**
Prepayments			
Philip Wesley Brown	Prepayment for services	-	72,917
		-	**72,917**
Borrowings			
Crown Financial Services Limited	Loan	615,900	-
		615,900	**-**

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

Related party transactions:

	Nature of Transactions	2023 NZ$	2022 Restated NZ$
Sales of products or services provided to the following:			
Cannvalate Pty Ltd	Licensed fees & products	473,535	67,750
General Capital Limited	Hemp products	-	217
		473,535	**67,967**
Purchases from the following for services, products or fixed assets provided:			
Investment Research Group Ltd	Direct listing fees, financial advisory, new investors expense	-	375,900
John Hussey (Fluidity)	Project management	-	102,157
Cannvalate Pty Ltd	Patient acquisition fees	298,756	179,172
Crown Financial Services Limited	Fees & interest	84,205	-
1J Capital	Strategic advisory	8,400	33,600
		391,361	**690,829**
Purchases from the following for services, products or fixed assets provided:			
Mitakuye Owasin Trust	Consulting	4,616	-
Philip Brown	Strategic advisory	72,916	125,000
		919,512	**869,019**
Share capital received			
CBC Greenfern		-	500,000
Crown Financial Services Limited		-	440,000
Investment Research Group		-	220,000
Cannvalate Pty Ltd (Cash)		50,000	-
Cannvalate Pty Ltd (Share based payment)		150,000	
CyberCom Technologies Limited		9,000	-
Explore and Discover Pty Ltd ATF the DT Davies Family Trust		9,000	-
Moneyonline Limited		11,313	-
Prime Assets NZ Limited		9,000	-
		238,313	**1,160,000**
Sale of investments - shares disposed			
John Hussey (Fluidity) (Purchased Cannabis and Bioscience shares)		-	10,000
		-	**10,000**

Cannvalate Pty Limited Agreement

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

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

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

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

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

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

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

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

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

Key Management Personnel

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

	2023 NZ$	2022 NZ$
Salaries and other short-term benefits	413,247	309,672
Director fees	217,500	126,144
Total	**630,747**	**435,816**

Key Personnel costs include share based payments disclosed in note 26.

20. COMMITMENTS AND CONTINGENCIES

The Group has no capital commitments and contingencies at 31 March 2023 (31 March 2022: Nil)

21. FINANCIAL INSTRUMENTS

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

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

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

Categories of financial assets and liabilities

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

	2023 NZ$	2022 NZ$
31 March 2023		
FINANCIAL ASSETS:		
Amortised cost		
Cash and cash equivalents	922,607	849,361
Trade and other receivables	309,119	38,914
Fair value through profit or loss		
Shares in listed entities	-	7,052
Shares in unlisted entities	200	154,065
TOTAL FINANCIAL ASSETS	**1,231,926**	**1,049,392**
FINANCIAL LIABILITIES:		
Amortised cost		
Trade and other payables	397,664	312,425
Borrowings	651,625	-
TOTAL FINANCIAL LIABILITIES	**1,049,289**	**312,425**

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

(a) Credit risk

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

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

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

Exposure to credit risk

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

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

	2023 NZ$	2022 NZ$
Australia	302,277	17,716
New Zealand	6,842	21,198
TOTAL TRADE AND OTHER RECEIVABLES	**309,119**	**38,914**

EXPECTED CREDIT LOSS ASSESSMENT

No impairment losses on trade and other receivables have been recognised in the 2023 year (2022: $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 $3,263,985 (2022: $3,564,096). The Board reviews the Group's capital structure regularly. The capital of the Group is monitored to ensure equity holder objectives are met, the primary of which is to ensure the Group provides a consistent return to its equity shareholders through a combinations of capital growth and distributions. The Group manages its capital to ensure the entities in the Group will be able to continue as going concerns.

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

(c) Liquidity risk

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

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

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

	0 to 6 months NZ$	7 to 12 months NZ$	1 to 2 years NZ$	Over 2 years NZ$	Total NZ$
2023					
Financial liabilities:					
Trade and other payables	397,664	-	-	-	397,664
Borrowings	651,625	-	-	-	651,625
	1,049,289	**-**	**-**	**-**	**1,049,289**
2022					
Financial liabilities:					
Trade and other payables	312,425	-	-	-	312,425
	312,425	**-**	**-**	**-**	**312,425**

(d) Other market risk

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

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

(e) Interest rate risk

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

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

	2023 NZ$	2022 NZ$
Financial liabilities	651,625	-
	651,625	**-**

The financial liabilities are fixed 1 year.

(f) Fair value of financial assets and liabilities

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

(g) Foreign currency risk

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

22. INVESTMENT IN SUBSIDIARIES

(a) Subsidiaries

Name of subsidiary	Country of Incorporation	Principal activity	Ownership interest and voting rights 2023	Ownership interest and voting rights 2022
GFI Pharma Limited	New Zealand	Non-Trading	100%	100%
Greenfern Hemp Limited	New Zealand	Non-Trading	100%	100%
Greenfern Power Limited	New Zealand	Non-Trading	100%	100%
Mato Limited	New Zealand	Non-Trading	100%	100%
Greenfern Cultivation Limited	New Zealand	Non-Trading	100%	100%
GFI Pharma Pty Limited	Australia	Non-Trading	100%	100%

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

(b) Associates

Associate	Measurement basis	Quoted Fair value (if available) 2023	Quoted Fair value (if available) 2022	Ownership interest and voting rights 2023	Ownership interest and voting rights 2022
Greenfern Industries Thailand	Equity Accounted	-	-	49%	49%

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

23. SEGMENT REPORTING

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

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

Cannabis and therapeutics products

The operations of this segment largely reflect the activities of the arrangement with Cannvalate to manufacture and distribute white label products.

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 2023 and 2022, respectively:

	Unallocated NZ$	Cannabis and therapeutics products NZ$	Electricity generation NZ$	Year ended 31 March NZ$
YEAR ENDED 31 MARCH 2023				
Operating Income				
External Operating Revenue from Customers	-	519,688	31,188	550,876
Other Revenue	-	-	-	-
Total Revenue	**-**	**519,688**	**31,188**	**550,876**
Cost of Sales	**-**	**46,819**	**16,692**	**63,511**
Operating Expenses				
Salary Expense	264,598	256,246	78,710	599,554
Depreciation	8,069	84,171	26,418	118,658
Finance Expense	75,875	-	-	75,875
(Gain)/Loss on Fixed Asset/Investment Disposal	-	39,830	-	39,830
Movement in Fair Value of Financial Asset	153,865	-	-	153,865
Other Expenses	790,832	727,148	3,145	1,521,125
Total operating expenses	**1,293,239**	**1,107,395**	**108,273**	**2,508,907**
SEGMENT PROFIT/(LOSS) BEFORE TAX	**(1,293,239)**	**(634,525)**	**(93,778)**	**(2,021,542)**

	Unallocated NZ$	Cannabis and therapeutics products NZ$	Electricity generation NZ$	Year ended 31 March NZ$
YEAR ENDED 31 MARCH 2022 RESTATED				
Operating Income				
External Operating Revenue from Customers	-	103,277	58,909	162,186
Other Revenue	16,462	-	-	16,462
Total Revenue	**16,462**	**103,277**	**58,909**	**178,648**
Cost of sales	**-**	**141,678**	**14,365**	**156,043**
Operating Expenses				
Salary Expense	296,497	177,007	21,208	494,712
Depreciation	9,805	71,313	24,827	105,945
Finance Expense	159	-	-	159
(Gain)/Loss on Fixed Asset/Investment Disposal	(106,917)	-	-	(106,917)
Movement in Fair Value of Financial Asset	-	-	-	-
Other Expenses	1,282,485	172,489	85,973	1,540,947
Total operating expenses	**1,482,029**	**420,809**	**132,008**	**2,034,846**
SEGMENT PROFIT/(LOSS) BEFORE TAX	**(1,465,567)**	**(459,210)**	**(87,464)**	**(2,012,240)**

The following tables present assets and liabilities information for the Group's operating segments as at 31 March 2023 and 31 March 2022, respectively:

	Unallocated NZ$	Cannabis and therapeutics products NZ$	Electricity generation NZ$	Total NZ$
As at 31 March 2023				
Segment assets	1,261,294	2,106,117	978,917	4,346,329
Capital Expenditure	-	607,235	43,326	650,561
Segment Liabilities	902,775	175,184	4,385	1,082,344
As at 31 March 2022				
Segment assets	1,525,697	1,423,758	970,836	3,920,291
Capital Expenditure	-	296,469	185,642	482,111
Segment Liabilities	147,449	208,746	-	356,195

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 96% (2022: 61%) of the Group's total operating revenue.

	2023 NZ$	2022 NZ$
External Operating Revenue		
Australia	473,535	67,750
New Zealand	77,341	94,436
EXTERNAL OPERATING REVENUE	**550,876**	**162,186**

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

The revenue totalling $473,535 (2022: 67,650) comes from one customer, amounts to over 10% of the of the total revenue. This revenue relates to the Cannabis and theraputic products segment.

24. NET TANGIBLE ASSETS PER SHARE

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

	Note	March 2023 NZ$	March 2022 NZ$
Total assets		4,346,329	3,920,291
Less intangible assets		10,554	11,727
Tangible assets		**4,335,775**	**3,908,564**
Less total liabilities		1,082,344	356,195
Net tangible assets		**3,253,431**	**3,552,369**
Number of ordinary shares on issue	6	109,857,152	84,960,384
Net tangible assets / liabilities per share in NZ$		0.029615	0.041812

25. LEASES

Short-term leases and leases for low value assets

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

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

	2023 NZ$	2022 NZ$
Lease of motor vehicle	22,346	14,073
Lease of plant and equipment	4,773	8,259
Lease of land	4,800	5,610
Lease of desk space	4,870	2,777
	36,788	**30,720**

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

26. SHARE-BASED PAYMENTS

GFI operates equity-settled share-based remuneration plans for directors and management employees.
During the year GFI also entered into a share-based payment agreement with an Australian based company, Cannvalate Pty Ltd ("Cannvalate") to assist GFI in acquiring new patients in Australia and for other services (see note 19). All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

During the year GFI issued shares under the share-based payment plan in April 2022 and January 2023. The weighted average share price for shares issued in April 2022 was calculated by reference to the 90-day volume weighted average price (VWAP) of the GFI's shares traded on the NZX up to and including 21/4/22, and for the shares issued in January 2023, the 30-day VWAP of the GFI's shares traded on the NZX up to and including 6/1/23.

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

Transaction in Profit & Loss	Issue date	Number of shares	WAP	Value
Director fees	11/01/23	561,577	0.08866	$49,788
Management wages	11/01/23	488,053	0.08866	$43,269
Supplier payments	11/01/23	26,158	0.08865	$2,319
Commissions/incentives	22/04/22	877,659	0.17091	$150,000
		1,953,447		**$245,376**

There are no outstanding share-based payments as at 31 March 2023

27. EVENTS AFTER THE REPORTING PERIOD

There has been no matter or circumstance, which has arisen since 31 March 2023 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 March 2023, of the Group, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2023, of the Group.

28. PRIOR PERIOD ERROR

The Company has identified in the current period error relating to prior period financial statements. The error relates to revenue recognition of the License fees income.

The group previously reported gross license fees income under revenue and the upfront contract costs payments made to Cannvalate were recorded and recognised under costs of sales.

The company has now correctly applied NZIFRS 15 and license fees income recognised is the net amount of consideration that the company retains after paying Cannvalate for the cost of manufacturing and selling the products. The payments made to Cannvalate form part of the transaction price of license fees income.

These adjustments have resulted in a reduction of the transaction price of license fees income.

The following table provides further details of the effect of financial accounts restatement for the year ended 31 March 2022. The table shows the original prior period financial accounts, the adjustments made and the restated financial accounts for the prior period. These restatements are only limited to the 31 March 2022 period.

Impact on statement of comprehensive income

	2022 Previously NZ$	2022 Restated NZ$
Operating Revenue	213,353	162,186
Cost of Sales	207,210	156,043
Gross profit	**6,143**	**6,143**

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Greenfern Industries Limited

Opinion

We have audited the consolidated financial statements of Greenfern Industries Limited and its controlled entities (the Group) on pages 22 to 65, which comprise the consolidated statement of financial position as at 31 March 2023, 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 2023, 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 Limited or any of its controlled entities.

Material Uncertainty Related to Going Concern

We draw attention to Note 1.6 in the consolidated financial statements, which indicates that the Group incurred a net loss of $2,021,542 and cash outflow from operating activities of $1,379,698 during the year ended 31 March 2023. As stated in Note 1.6, these events and conditions, along with other matters as set forth in Note 1.6, 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.

Key Audit Matter	How we addressed the Key Audit Matter
Revenue Transactions with Cannvalate Pty Limited	
▪ As outlined in note 2, 19 and 28, the Group recorded revenue from licensed fees of $473,535 for the year ended 31 March 2023 that arose from a significant contract with a related party, Cannvalate Pty Limited. There were several key components to this contract, which gave rise to various significant transactions and balances in the Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position as at 31 March 2023. ▪ Management judgement is required in assessing the true nature of each component under these contracts, including assessing whether the Group acts as a principal or agent, and determining appropriate accounting treatment in accordance with NZ IFRS 15 *Revenue from Contracts with Customers*. The assessment whether the Group acts as a principal or agent affects whether revenue is presented on a gross or net basis. ▪ These judgements were revised in the current period and resulted in prior period error being corrected as the management assessed that the Group is an agent, and not a principal.	▪ Understood the revenue recognition process, performed a walkthrough of the different types of revenue and evaluated the design and implementation of controls. ▪ Documented our understanding of the relationship and its classification as a related party. ▪ Reviewed the terms and conditions in the documents that formed the key contract. ▪ 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. ▪ Performed procedures to reconcile Related Party Revenue, Expenditure, Assets, and Liabilities recognised during the year. ▪ On a sample basis, these transactions and balances were tested to supporting documentation or third party confirmation. ▪ Assessed each significant component of the contract under the relevant accounting policy. ▪ Ensured that management judgements were supported by accurate and complete source documentation. ▪ Examined whether revenue is recognised in accordance with the Group's revenue recognition policy, including the revised principal versus agent assessment. ▪ Assessed the appropriateness of the financial statement disclosures including the prior period error.

Information Other Than the Financial Statements and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information on pages 4 to 20, pages 70 to 79 but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover 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 on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

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

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 our audit.

We also provide the Directors with a statement that the 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, actions taken to eliminate threats or safeguards applied.

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:

Crowe

Crowe New Zealand Audit Partnership
CHARTERED ACCOUNTANTS

Dated at Christchurch this 21st day of June 2023

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.

SHAREHOLDER AND STATUTORY INFORMATION

The company is listed on New Zealand Exchange (NZX). The Company has one class of quoted financial products on issue being ordinary shares that rank equally with one vote attached to each ordinary share. Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of shares held.

LARGEST HOLDERS OF QUOTED FINANCIAL PRODUCTS (AS AT 31 MAY 2023)

Rank	Registered Shareholder	Holding	%
1	NEW ZEALAND DEPOSITORY NOMINEE LIMITED	24,912,723	22.68%
2	JOHN DESMOND HUSSEY	12,800,207	11.65%
3	DANIEL CASEY	8,969,370	8.16%
4	DANIEL LEYDEN	5,080,945	4.63%
5	BRENDON PARTRIDGE	4,763,873	4.34%
6	TIMOTHY MARK JOHNSON	3,170,913	2.89%
7	CBC GREENFERN LIMITED	2,704,000	2.46%
8	CROWN FINANCIAL SERVICES LIMITED	1,833,725	1.67%
9	CANNVALATE PTY LTD	1,502,659	1.37%
10	PRIME ASSETS (NZ) LIMITED	1,300,000	1.18%
11	STRATEGIC ASSETS (NZ) LIMITED	1,300,000	1.18%
12	WEI WANG	1,291,074	1.18%
13	KIRSTY GODFREY-BILLY	1,200,000	1.09%
14	PHILIP WESLEY BROWN	1,101,515	1.00%
15	HAN MENG TEE & NUANLA OR SODRUNG	830,188	0.76%
16	JOHN GREEN	800,000	0.73%
17	ROSANNA MARY PICKETT	800,000	0.73%
18	CRAIG NEWTON BARKLEY & PAULA ANN BARKLEY	691,000	0.63%
19	CUSTODIAL SERVICES LIMITED	687,697	0.63%
20	RENEWABLE POWER LIMITED	671,349	0.61%

Management commentary
(no financial statements)

SPREAD OF QUOTED FINANCIAL PRODUCT HOLDERS (AS AT 31 MAY 2023)

Size of Holding	Number of shareholders	%	Number of Shares	%
1 - 1,999	32	1.78%	29,904	0.03%
2,000 - 4,999	775	43.08%	2,573,938	2.34%
5,000 - 9,999	385	21.40%	2,855,547	2.60%
10,000 - 49,999	468	26.01%	9,981,876	9.09%
50,000 - 99,999	54	3.00%	3,750,363	3.41%
100,000 – 499,999	63	3.50%	13,093,549	11.92%
500,000 – 999,999	8	0.44%	5,640,971	5.13%
1,000,000 – 4,999,999	10	0.56%	20,167,759	18.36%
5,000,000– plus	4	0.22%	51,763,245	47.12%
	1799	**100.00%**	**109,857,152**	**100.00%**
Geographic Spread				
New Zealand	1722	95.72%	105,587,860	96.11%
Other	77	4.28%	4,269,292	3.89%
	1799	**100.00%**	**109,857,152**	**100.00%**

SUBSTANTIAL PRODUCT HOLDERS (AS AT 31 MARCH 2023)

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

	Relevant Interest in Ordinary Shares	% Held
	2023	**2023**
JOHN DESMOND HUSSEY	12,800,207	11.65%
DANIEL CASEY	8,969,370	8.16%
TIMOTHY MARK JOHNSON	5,953,993	7.06%
BRENDON PARTRIDGE	5,293,192	6.28%
DANIEL LEYDEN	5,278,760	6.26%
	38,295,522	**39.41%**

The total number of voting securities of the company on issue at 31 March 2023 was 109,857,152 ordinary shares.

SHAREHOLDER AND STATUTORY INFORMATION

DIRECTORS

During the year the board of directors comprised:

	Appointed	Resigned
Executive directors		
Daniel Casey	29-Jun-18	
Non-executive directors		
Darryl Davies	13-Jul-21	
Brent Douglas King(Chairman)	21-Apr-21	31-Oct-22
Independent directors		
Simon McArley	5-Aug-21	
Kirsten Taylor	16-Aug-21	
Philip Wesley Brown	12-Jul-21	
Marvin Yee	12-Oct-21	
Directors of subsidiary GFI Pharma Pty Ltd		
Anneliese Casey	6-Dec-21	
Daniel Casey	20-Aug-21	

DIRECTORS RELEVANT INTEREST ON QUOTED FINANCIAL PRODUCT (AS AT 31 MARCH 2023)

	Relevant Interest
Daniel Casey	8,969,370
Philip Wesley Brown	3,701,515
Marvin Yee	1,967,115
Simon McArley	140,869
Kirsten Taylor	325,682
Darryl Davies	1,604,174

Relevant Interest

Daniel Casey as the registered holder and beneficial owner.

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

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

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

Kirsten Taylor as the registered holder and beneficial owner.

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

INTEREST REGISTER ENTRIES DURING THE YEAR ENDED 31 MARCH 2023

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

DANIEL JOHN CASEY

1. New Zealand Medicinal Cannabis Council

PHILIP WESLEY BROWN

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

DARRYL DAVIES

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

SIMON JOHN MCARLEY

1. General Capital Limited
2. Prospect Road Investments Limited

MARVIN YEE

1. Crown Financial Services Limited
2. Cybercom Technology Limited
3. MANUKA BIOSCIENCE LIMITED (6055129)

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

During the financial year ended 31 March 2023, the Group has entered into the following transactions with the above director related companies.

Company Name	Transaction nature	Value
Cannvalate Pty Ltd	Licensed fees & products	922,130
	Customer fulfilment costs	448,595
	Patient acquisition fees	298,756
Crown Financial Services Limited	Loan from Crown Financial Services	615,900
	Fees & interest	84,205

Management commentary
(no financial statements)

DIRECTORS AND OFFICERS DISCLOSURES OF DEALINGS IN RELEVANT INTERESTS IN QUOTED FINANCIAL PRODUCTS RECORDED IN INTEREST REGISTER DURING THE YEAR ENDED 31 MARCH 2023

(SECTION 299 FINANCIAL MARKETS CONDUCT ACT)

DIRECTOR OR OFFICER Position Held	Nature of Transaction	Date of Transaction	Financial Product	Class of Financial Product	Number of Consideration $	Registered Holder	Nature of relevant interest
DARRYL DAVIES							
Non-executive director	N/A	22/04/22	Ordinary Shares	877,659	150000	Cannvalate Pty Ltd	Power to control registered holder
JOHN HUSSEY							
Head Of Growth	Rights issue of 100,000 ordinary shares	3/11/22	Ordinary Shares	100,000	8000	John Hussey	Registered holder and beneficial owner
JOHN HUSSEY							
Head Of Growth	On-market sale of 50,000 ordinary shares	01/04/2022 -03/11/2022	Ordinary Shares	50,000	N/A	John Hussey	Registered holder and beneficial owner
DANIEL CASEY							
Managing Director	Rights issue of 62,500 ordinary shares	3/11/22	Ordinary Shares	62,500	5000	Daniel Casey	Registered holder and beneficial owner
DARRYL DAVIES							
Non-executive director	Issue of 625,000 ordinary shares	11/01/23	Ordinary Shares	625,000	50000	Cannvalate Pty Ltd	Power to control registered holder
DARRYL DAVIES							
Non-executive director	Issue of 101,515 ordinary shares	11/01/23	Ordinary Shares	101,515	9000	Darryl Davis	Registered holder and beneficial owner
MARVIN YEE							
Independent director	Issue of 101,515 ordinary shares	11/01/23	Ordinary Shares	101,515	9000	Marvin Yee	Registered holder and beneficial owner

DIRECTOR OR OFFICER Position Held	Nature of Transaction	Date of Transaction	Financial Product	Class of Financial Product	Number of Consideration $	Registered Holder	Nature of relevant interest
BRENT KING							
Non-executive director	Issue of 127,599 ordinary shares	11/01/23	Ordinary Shares	127,599	11312.5	Brent King	Registered holder and beneficial owner
PHILIP BROWN							
Independent director	Issue of 101,515 ordinary shares	11/01/23	Ordinary Shares	101,515	9,000.00	Philip Brown	Registered holder and beneficial owner
DANIEL CASEY							
Managing Director	Issue of 45,682 ordinary shares	11/01/23	Ordinary Shares	158,478	14,050.10	Daniel Casey	Registered holder and beneficial owner
SIMON MCARLEY							
Independent Director	Issue of 38,069 ordinary shares	11/01/23	Ordinary Shares	38,069	3,375.00	Prospect Road Investments Limited	Controller of Prospect Road Investments Limited
KIRSTEN TAYLOR							
Independent Director	Issue of 45,682 ordinary shares	11/01/23	Ordinary Shares	45,682	4,050.00	Taylor Kirsten	Registered holder and beneficial owner
JOHN HUSSEY							
Head of Growth	Issue of 262,463 ordinary shares	11/01/23	Ordinary Shares	262,463	23,269.15	John Hussey	Registered holder and beneficial owner
HOWARD LONG							
CFO	Issue of 112,794 ordinary shares	11/01/23	Ordinary Shares	112,794	9999.92	Howard Long	Registered holder and beneficial owner

DIRECTORS AND OFFICERS INSURANCE EFFECTED DURING THE YEAR ENDED 31 MARCH 2023

(SECTION 162(7) COMPANIES ACT)

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

Exclusions are liability arising from

1. Breach of Cannabis Legislation or Licence and Non-Medicinal Cannabis;
2. Insolvency;
3. Infringement of Intellectual Property Rights;
4. Actions brought by Major Shareholders;
5. Offering of Securities by a Disclosure Document; and
6. Acts committed within the United States of America and Canada.

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

DIRECTORS' REMUNERATION AND OTHER BENEFITS

The following is the remuneration paid to the Directors of Greenfern industries limited for the twelve months to 31 March 2023:

	Director's fees NZ$	**Other Remuneration NZ$**
Brent Douglas King	26,250	-
Daniel Casey	30,000	159,471
Darryl Davies	30,000	-
Kirsten Taylor	30,000	-
Marvin Yee	30,000	-
Philip Wesley Brown	33,750	-
Simon McArley	37,500	-

"The other remuneration of $159,471 for Daniel Casey was base salary, of which, $149,471 was paid in cash, and the balance of $10,000 was paid in ordinary shares in the company. He has not received any other incentives.

The Directors of Greenfern Industries Limited received a total director fees of $217,500, of which, $167,713 was paid in cash, and the balance of $49,787 was paid in ordinary shares in the company. Directors did not receive any other benefits from Greenfern industries limited in the 12 months to 31 March 2023.

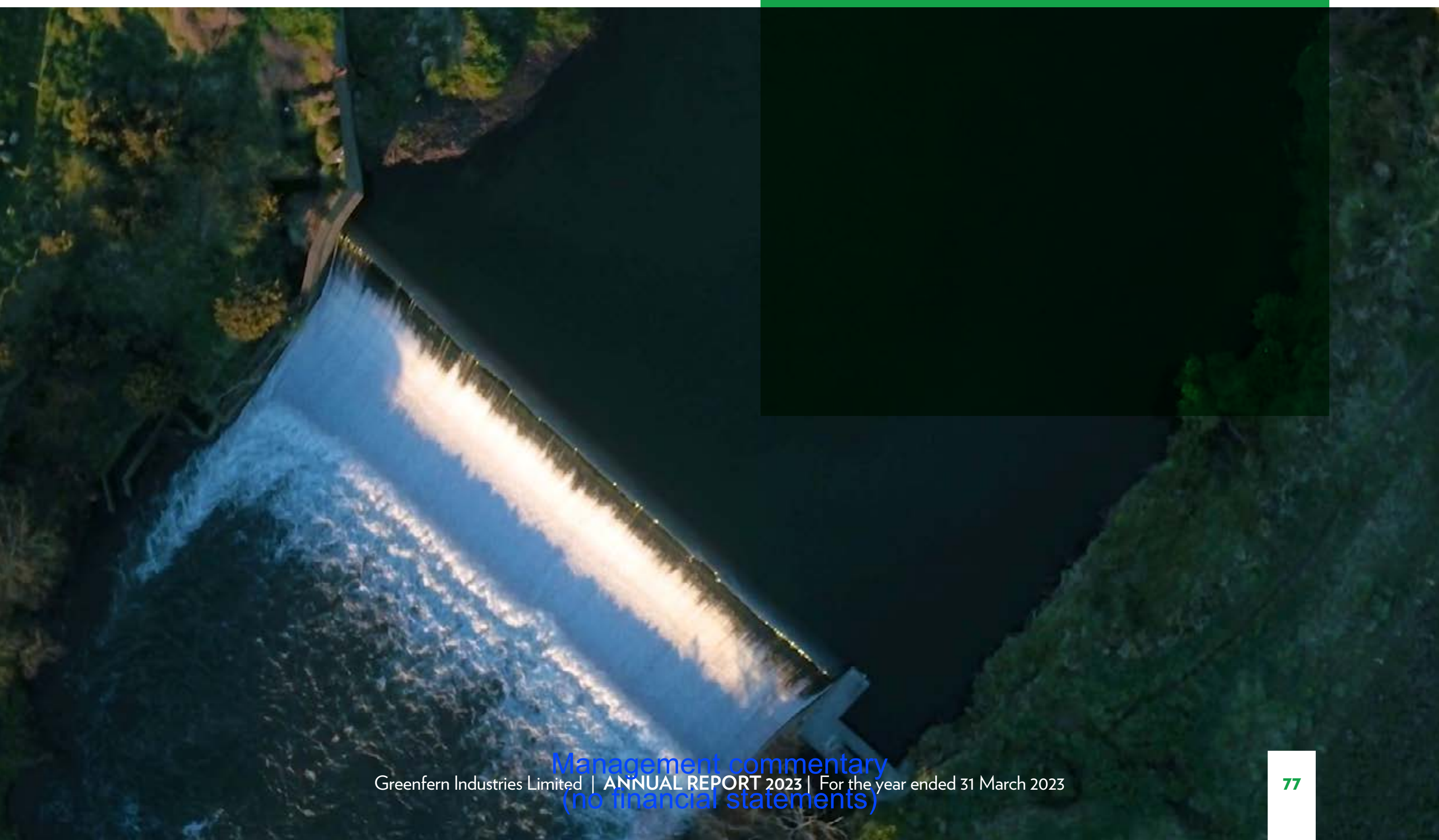
EMPLOYEE REMUNERATION

During the year ended 31 March 2023, the number of employees or former employees (not being directors of the company or its subsidiaries) who received remuneration or other benefits in their capacity as employees in excess of $100,000 for the year was as follows:

Remuneration Range	**Employees**
$100,000 to $109,999	-
$110,000 to $119,999	-
$120,000 to $129,999	2
$130,000 to $139,999	-
$140,000 to $149,999	-
$150,000 to $159,999	1

DONATIONS

No donations, whether in cash or otherwise, were made to any party in the financial year ended 31 March 2023.



CORPORATE INFORMATION

Management commentary
(no financial statements)

SOLICITORS

FLACKS & WONG

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

SHARE REGISTRAR

COMPUTERSHARE INVESTOR SERVICES LIMITED

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

FINANCIAL ADVISER

INVESTMENT RESEARCH GROUP LIMITED

PO Box 106 488
Level 8, General Capital House
115 Queen Street
Auckland 1040

AUDITORS

CROWE NEW ZEALAND AUDIT PARTNERSHIP

Private Bag 90106
173 Spey Street, Invercargill

BANK

BNZ BANK

Hamilton Store
Garden Place
354 Victoria Street
Hamilton

Phone 0800 275 269

GREENFERN INDUSTRIES LIMITED

Security code: GFI

Listed on NZX Market

NZ Company number: 6804155

HEAD OFFICE / REGISTERED OFFICE

Greenfern Industries Limited
Level 8, General Capital House
115 Queen Street
Auckland 1040

TELEPHONE

+64 (9) 304-0145

WEBSITE

www.gfi.nz

GREENFERN
INDUSTRIES

GREENFERN
INDUSTRIES

Certified B Corporation

TOITŪ CARBON ZERO ISO 14064-1 ORGANISATION

Management commentary
(no financial statements)