

GREENFERN INDUSTRIES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2021

GREENFERN INDUSTRIES LIMITED
INTERIM CONSOLIDATED REPORT CONTENTS
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2021

| | Page |
|--|-------------|
| Directors' Profiles | 2-3 |
| Financial Statements | |
| Interim Consolidated Statement of Comprehensive Income | 5 |
| Interim Consolidated Statement of Changes in Equity | 6 |
| Interim Consolidated Statement of Financial Position | 7 |
| Interim Consolidated Statement of Cash Flows | 8 |
| Notes to the Interim Consolidated Financial Statements | 9 - 22 |
| Corporate Information | 23 |

GREENFERN INDUSTRIES LIMITED

DIRECTORS' PROFILES

Brent King

Brent was the founder and managing director of Dorchester Pacific Limited and its subsidiary Dorchester Finance Limited, until he resigned in 2005. During his tenure he built that company from zero to over \$480 million in assets and returns of 20% per annum for over 10 years. Dorchester Pacific Limited was a public issuer with a registered prospectus for more than 15 years. During that time Dorchester Pacific Limited and other companies Brent was a director of registered in excess of 100 prospectuses/disclosure documents and companies it sponsored also issued prospectuses. Brent has also been a director of 42 Below Limited, Finzsoft Solutions Limited, Chow Group Limited, Charlie's Group Limited, the Board of the Eden Park Trust, Auckland Cricket and New Zealand Cricket. Brent is currently a director of General Capital Limited, Corporate Holdings Limited, General Finance Limited, Investment Research Group Limited (IRG), Equity Investment Advisers Limited and King Capital & Investment Corporation Limited. IRG is an NZX sponsor. Brent has also held directorships with a number of private companies.

Brent joined the board of listed company Snakk Media Limited in August 2018 in an attempt to assist in the turn-around of the business. He resigned on 7 February 2019. The business entered voluntary administration and subsequently became a listed shell seeking a new investment.

Daniel Casey

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.

Darryl Davies

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.

Kirsten Taylor

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.

Simon McArley

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.

Marvin Yee

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.

Philip Brown

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.

GREENFERN INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH ENDED 30 SEPTEMBER 2021


| | Notes | Unaudited 6 Months September 2021 NZ\$ | Unaudited 6 Months September 2020 NZ\$ |
|---|-------|--|--|
| Operating Revenue | 2 | 44,475 | 5,254 |
| Cost of Sales | 3 | (31,077) | (13,016) |
| Gross profit | | <u>13,398</u> | <u>(7,762)</u> |
| Other Income | 2 | 5,307 | 37,432 |
| Expenses | | | |
| Selling and Distribution Expenses | 3 | (25,084) | (94,780) |
| Administration Expenses | 3 | (809,160) | (271,299) |
| | | <u>(834,244)</u> | <u>(366,079)</u> |
| Operating loss | | (815,539) | (336,408) |
| Finance Expense | | (159) | - |
| | | <u>(159)</u> | <u>-</u> |
| Loss before income tax | | (815,698) | (336,408) |
| Loss for the year | | <u>(815,698)</u> | <u>(336,408)</u> |
| Total comprehensive loss for the year | | <u>(815,698)</u> | <u>(336,408)</u> |
| Loss and total comprehensive loss attributable to: | | | |
| Equity holders of the parent | | (815,698) | (336,408) |
| | | <u>(815,698)</u> | <u>(336,408)</u> |
| Loss per share: | | | |
| Basic and Diluted Earning per share in NZ\$ | 5 | (0.08703152) | (0.04620650) |

The interim financial statements are to be read in conjunction with the notes to the financial statements set out on pages 9 to 22.

GREENFERN INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 September 2021

| | Notes | Unaudited At 30 September 2021 NZ\$ | Audited At 31 March 2021 NZ\$ |
|---|-------|--|--|
| SHAREHOLDERS EQUITY | | | |
| Issued share capital | 6 | 7,784,973 | 5,363,473 |
| Accumulated losses | | (3,827,634) | (3,011,937) |
| Total Equity attributable to shareholders of the company | | 3,957,339 | 2,351,536 |
| Non-controlling Interest | | - | - |
| Total shareholders funds | | 3,957,339 | 2,351,536 |
| <i>Represented by:</i> | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 7 | 2,268,609 | 1,297,054 |
| Trade, other and related party receivables | 9 | 4,143 | 168,656 |
| Inventories | 8 | 66,889 | 48,430 |
| Prepayments and other current assets | | 447,215 | 131,349 |
| Total current assets | | 2,786,856 | 1,645,489 |
| NON-CURRENT ASSETS | | | |
| Prepayments and other non-current assets | | 10,417 | 72,917 |
| Financial assets | 16 | 64,200 | 89,227 |
| Property, plant and equipment | 10 | 1,747,954 | 1,605,535 |
| Intangible assets | 11 | 5,683 | 2,877 |
| Total non-current assets | | 1,828,254 | 1,770,556 |
| Total assets | | 4,615,110 | 3,416,045 |
| CURRENT LIABILITIES | | | |
| Trade, other and related party payables | 12 | 259,411 | 131,009 |
| Received in advance | 13 | 398,361 | - |
| Total current liabilities | | 657,771 | 131,009 |
| NON-CURRENT LIABILITIES | | | |
| Other liabilities | | - | 933,500 |
| Total non-current liabilities | | - | 933,500 |
| Total liabilities | | 657,771 | 1,064,509 |
| Net assets | | 3,957,339 | 2,351,536 |

For and behalf of the Board, dated 25/11/2021



Director



Director

The interim financial statements are to be read in conjunction with the notes to the financial statements set out on pages 9 to 22.

GREENFERN INDUSTRIES LIMITED
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2021

| | Issued Share Capital | Accumulated Loss | Equity Holders | Non- Controlling Interests | Total |
|--|----------------------------|---------------------|--------------------|----------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance as at 1 April 2020 | 2,328,139 | (1,756,156) | 571,983 | - | 571,983 |
| Comprehensive income | | | | | |
| Net (loss)/profit for the financial period | - | (336,408) | (336,408) | - | (336,408) |
| Total comprehensive income | - | (336,408) | (336,408) | - | (336,408) |
| Transactions with owners | | | | | |
| Ordinary Shares Issued | 367,803 | - | 367,803 | - | 367,803 |
| Total transactions with owners | 367,803 | - | 367,803 | - | 367,803 |
| Balance as at 30 September 2020 (unaudited) | 2,695,942 | (2,092,564) | 603,378 | - | 603,378 |
| Balance as at 1 April 2020 | 2,328,139 | (1,756,156) | 571,983 | - | 571,983 |
| Comprehensive income | | | | | |
| Net loss for the financial year | - | (1,255,781) | (1,255,781) | - | (1,255,781) |
| Total comprehensive income | - | (1,255,781) | (1,255,781) | - | (1,255,781) |
| Transactions with owners | | | | | |
| Contributions of equity net of transaction costs | 3,035,334 | - | 3,035,334 | - | 3,035,334 |
| Total transactions with owners | 3,035,334 | - | 3,035,334 | - | 3,035,334 |
| Balance as at 31 March 2021 (audited) | 5,363,473 | (3,011,937) | 2,351,536 | - | 2,351,536 |
| Comprehensive income | | | | | |
| Net loss for the financial period | - | (815,698) | (815,698) | - | (815,698) |
| Total comprehensive income/(loss) | - | (815,698) | (815,698) | - | (815,698) |
| Transactions with owners | | | | | |
| Contributions of equity net of transaction costs | 2,421,500 | - | 2,421,500 | - | 2,421,500 |
| Total transactions with owners | 2,421,500 | - | 2,421,500 | - | 2,421,500 |
| Balance as at 30 September 2021 (unaudited) | 7,784,973 | (3,827,634) | 3,957,339 | - | 3,957,339 |

The interim financial statements are to be read in conjunction with the notes to the financial statements set out on pages 9 to 22.

GREENFERN INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2021

| Notes | Unaudited 6 Months September 2021 NZ\$ | Unaudited 6 Months September 2020 NZ\$ |
|---|--|--|
| Cash flows from operating activities | | |
| <i>Cash was received from:</i> | | |
| Receipts from customers | 307,349 | 129,236 |
| Other receipts | 5,307 | 37,432 |
| <i>Cash was applied to:</i> | | |
| Payments to suppliers and employees | (697,946) | (266,201) |
| Payments to related parties | (174,608) | (127,399) |
| Interest paid | (159) | - |
| Net cash outflow from operating activities | <u>(560,058)</u> | <u>(226,932)</u> |
| Cash flows from investing activities | | |
| <i>Cash was applied to:</i> | | |
| Purchase of property, plant and equipment | (198,322) | (315,358) |
| Purchase of intangible assets | (3,000) | - |
| Purchase of financial assets | (50,000) | (14,200) |
| Net cash inflow/(outflow) from investing activities | <u>(251,322)</u> | <u>(329,558)</u> |
| Cash flows from financing activities | | |
| <i>Cash was received from:</i> | | |
| Proceeds from share issue | 1,788,000 | 367,803 |
| Net cash inflow from financing activities | <u>1,788,000</u> | <u>367,803</u> |
| Net decrease in cash and cash equivalents | <u>976,620</u> | <u>(188,686)</u> |
| Foreign currency translation adjustment | (5,065) | - |
| Cash and cash equivalents at the beginning of the year | 1,297,054 | 991,937 |
| Cash and cash equivalents at the end of the year | <u><u>2,268,609</u></u> | <u><u>803,251</u></u> |

The interim financial statements are to be read in conjunction with the notes to the financial statements set out on pages 9 to 22.

GREENFERN INDUSTRIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH ENDED 30 SEPTEMBER 2021

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 interim consolidated financial statements of Greenfern Industries Limited for the six month ended 30 September 2021 comprise the Company and its subsidiaries (together referred to as the "Group"). For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), the Group is a for-profit entity. As a listed company, the Group is considered a Tier One entity. The principal activity of the Group is a producer and wholesaler of therapeutic products.

1.1 Statement of compliance

These consolidated interim financial statements have been prepared in accordance with NZ GAAP. These consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with Greenfern Industries Limited 's Annual Report for the year ended 31 March 2021.

The condensed interim consolidated financial statements were approved and authorised for issue by the directors on 25/11/2021. The directors are not able to amend the financial statements after issue.

1.2 Basis of preparation

The interim consolidated financial statements are prepared on a cost basis except for financial assets which are carried at amortised cost. The interim consolidated financial statements for the Group are presented in New Zealand dollars (\$), which is the functional currency of all entities within the Group. All financial information has been rounded to the nearest dollar unless otherwise stated.

1.3 Significant accounting policies

The preparation of the interim financial statements in compliance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 1.4.

1.4 Critical accounting judgments and key sources of estimation uncertainty

The same significant judgments, estimates and assumptions included in the notes to the financial statements in the Group's financial statements for the year ended 31 March 2021 have been applied to these Interim Consolidated Financial Statements.

GREENFERN INDUSTRIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH ENDED 30 SEPTEMBER 2021

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

The consolidated financial statements have been prepared on a going concern basis. The Group is considered to be in its start-up phase and as such the Group has reported a loss for the six month period ended 30 September 2021 of \$815,698 (the same period of 2020: loss of \$336,408) and operating cash outflows for this period was \$560,0058 (the same period of 2020: \$226,932).

The consolidated unaudited financial statements have been prepared on a going concern basis. The Directors has reasonable expectation that the Group had adequate resources to continue in operational existence for the foreseeable future.

At 30 September 2021, the Group had no external debt. It had a positive working capital of \$2.1 million. Cash and cash equivalents at that date was more than \$2.3 million. The Group's sales has also increased in the six month period. And there were \$2.4 million equity has been raised through wholesale placements of shares for the six months ended 30 September 2021.

In assessing the adoption of the going concern principle in the preparation of the financial statements, the Directors have reviewed cash flow forecasts for the 20 months from the date of signing the financial statements. The Group needs to raise additional equity funding to implement its long term business strategies. The cash flow forecasts have assumed that \$1.25 million equity will be raised through further capital raising activity by 31 March 2022.

Directors have considered the impact of not being able to raise the capital in the above timeframes and have determined that the Group will still be able to continue to operate with current cash reserves for the 12 months from the date of signing the financial statements by:

- deferring planned capital expenditure; and
- reducing operating costs.

Given the nature of the judgments and estimates noted above and management's ability to take mitigating actions, it is the considered view of the Directors that the Group has adequate resources to meet its ongoing obligations for at least a period of 12 months from the date of signing these financial statements.

On this basis, the Directors have assessed it is appropriate to adopt the going concern basis in preparing its financial statements.

2. REVENUE

| | Note | September 2021 NZ\$ | September 2020 NZ\$ |
|--------------------------------|------|---------------------------|---------------------------|
| Operating revenue | | | |
| Sales of Goods | | 9,227 | 5,254 |
| Sales of Electricity | | 35,248 | - |
| Total operating revenue | | <u>44,475</u> | <u>5,254</u> |
| Other Income | | 5,307 | - |
| Covid-19 wage subsidy | | - | 37,432 |
| Total other income | | <u>5,307</u> | <u>37,432</u> |
| Total Income | | <u><u>49,782</u></u> | <u><u>42,686</u></u> |

GREENFERN INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH ENDED 30 SEPTEMBER 2021

2. REVENUE (continued)

Performance Obligations and Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

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 | Sales of Electricity | Total |
|--------------------------|-------------------|-------------------------|---------------|
| | NZ\$ | NZ\$ | NZ\$ |
| 30 September 2021 | | | |
| New Zealand | 9,227 | 35,248 | 44,475 |
| Operating Revenue | <u>9,227</u> | <u>35,248</u> | <u>44,475</u> |
| 30 September 2020 | | | |
| New Zealand | 5,254 | - | 5,254 |
| Operating Revenue | <u>5,254</u> | <u>-</u> | <u>5,254</u> |

3. EXPENSES

| | September 2021 | September 2020 |
|---|-------------------|-------------------|
| Note | NZ\$ | NZ\$ |
| Profit / (Loss) before income tax has Included in Cost of Sales Expenses | | |
| Direct purchase cost of goods sold | 27,725 | 13,016 |
| Overhead allocated | 3,352 | - |
| Total Cost of Sales | <u>31,077</u> | <u>13,016</u> |
| Included in Selling and Distribution Expenses | | |
| Advertising | 13,936 | 93,056 |
| Other expenses | 11,148 | 1,723 |
| Total Selling and Distribution Expenses | <u>25,084</u> | <u>94,780</u> |
| Included in Administration Expenses | | |
| Accounting and Consulting | 108,119 | 30,003 |
| Amortisation of Intangible Assets | 11 194 | - |
| Depreciation for property, plant and equipment | 10 55,903 | 12,843 |
| Direct Listing Fee | 169,715 | - |
| Project Management Fees | 88,696 | 92,060 |
| Insurance | 108,240 | 700 |
| Salaries | 161,867 | 61,654 |
| Other expenses | 116,427 | 74,039 |
| Total Administration Expenses | <u>809,160</u> | <u>271,299</u> |

GREENFERN INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH ENDED 30 SEPTEMBER 2021

3. EXPENSES (continued)

Finance costs:

| | | |
|--|------------|----------|
| Interest paid on borrowings from related parties | 159 | - |
| | <u>159</u> | <u>-</u> |

4. INCOME TAX EXPENSE

The Group recognised no income tax expense during this period due to operating loss. The Group has an income tax rate of 28% which is the tax rate that would be applicable to the expected total annual earnings (September 2019: 28%).

The Group has a tax losses of \$3,011,937 bought forward from 31 March 2021. 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 a deferred tax asset on its Statement of Financial Position as at reporting date. In deciding whether to recognise the deferred tax assets, the Group has determined if the utilisation of deferred assets is probable and 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:

| | September 2021 NZ\$ | September 2020 NZ\$ |
|--|------------------------------------|------------------------------------|
| Basic earnings per share | | |
| Profit/ (Loss) after taxation attributable to equity holders of the parent | (815,698) | (336,408) |
| Weighted average number of ordinary shares on issue | 9,372,448 | 7,280,541 |
| Basic and Diluted Earning per share in NZ\$ | (0.08703152) | (0.04620650) |

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

6. AUTHORISED AND ISSUED SHARE CAPITAL

| Balance as at 31 March 2021 | Shares Issued | |
|---|-------------------------|-------------------------|
| | No. | \$ |
| Ordinary shares | | |
| Balance at 1 April 2020 | | |
| Ordinary shares on issue | 7,205,983 | 2,328,139 |
| Treasury shares | - | - |
| Ordinary shares on issue at 1 April 2020 excluding treasury shares | <u>7,205,983</u> | <u>2,328,139</u> |
| Movement for 2021 financial year | | |
| Ordinary shares authorised and issued | 1,665,615 | 3,035,334 |
| Ordinary shares on issue at 31 March 2021 | <u>8,871,598</u> | <u>5,363,473</u> |

GREENFERN INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH ENDED 30 SEPTEMBER 2021

6. AUTHORISED AND ISSUED SHARE CAPITAL (continued)

| Movement to 30 September 2021 | Shares Issued | |
|--|----------------------|------------------|
| | No. | \$ |
| Ordinary shares authorised and issued | 1,001,700 | 2,421,500 |
| Ordinary shares on issue at 30 September 2021 excluding treasury shares | 9,873,298 | 7,784,973 |

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. The Group has not declared or proposed to pay any dividends for the period ended 30 September 2021 (September 2020: Nil).

At reporting date, the company held no treasury shares .

7. CASH AND CASH EQUIVALENTS

| | September 2021 \$ | March 2021 \$ |
|--|----------------------------------|------------------------------|
| Cash at bank and on hand | 2,071,998 | 1,297,054 |
| Bartercard Dollars | 196,611 | - |
| Total cash and cash equivalents | 2,268,609 | 1,297,054 |

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 Bartercard Dollars.

8. INVENTORIES

| | September 2021 \$ | March 2021 \$ |
|--------------------------|----------------------------------|------------------------------|
| Work in progress | 42,031 | 42,031 |
| Finished goods | 24,858 | 6,399 |
| Total Inventories | 66,889 | 48,430 |

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.

No inventories has been assessed to have a net realisable value lower than its cost during this period. The provision for closing stock has a zero-balance.

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.

GREENFERN INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH ENDED 30 SEPTEMBER 2021

9. TRADE, OTHER AND RELATED PARTY RECEIVABLES

| | September 2021 | March 2021 |
|--|-------------------|----------------|
| Note | \$ | \$ |
| Trade receivables - third parties | 4,143 | 12,163 |
| GST receivable | - | 154,493 |
| Other receivable | - | 2,000 |
| | 4,143 | 168,655 |
| Allowance for impairment losses | - | - |
| Total trade and related party receivables | 4,143 | 168,655 |

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 14.

The Group applies the simplified approach under NZ IFRS 9 to measuring the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables. Under the NZ IFRS 9 simplified approach, the Group determines the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables on the basis of the lifetime expected credit losses of the instrument. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

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. No allowance for impairment has been recognised.

GREENFERN INDUSTRIES LIMITED
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2021

10. PROPERTY, PLANT AND EQUIPMENT

| | Office Equipment \$ | Facility Otago \$ | Power Station \$ | Facility Taranaki \$ | Assets under improvement | Total \$ |
|--|---------------------------|-------------------------|------------------------|----------------------------|--------------------------------|------------------|
| As at 31 March 2021 | | | | | | |
| Cost | | | | | | |
| Cost as at 1 April 2020 | 28,351 | - | 5,192 | 282,761 | - | 316,304 |
| Additions | 7,309 | 48,378 | 804,828 | 475,701 | - | 1,336,216 |
| Disposal | - | - | - | - | - | - |
| Written off | - | - | - | - | - | - |
| Cost as at 31 March 2021 | 35,659 | 48,378 | 810,021 | 758,462 | - | 1,652,520 |
| Accumulated Depreciation | | | | | | |
| Accumulated Depreciation at 1 April 2020 | (6,809) | - | - | - | - | (6,809) |
| Depreciation charge for the year | (12,766) | (874) | - | (26,536) | - | (40,176) |
| Disposal | - | - | - | - | - | - |
| Written off | - | - | - | - | - | - |
| Accumulated Depreciation at 31 March 2021 | (19,575) | (874) | - | (26,536) | - | (46,985) |
| Carrying Amount | | | | | | |
| Cost | 35,659 | 48,378 | 810,021 | 758,462 | - | 1,652,520 |
| Accumulated Depreciation | (19,575) | (874) | - | (26,536) | - | (46,985) |
| Carrying Amount 31 March 2021 | 16,085 | 47,504 | 810,021 | 731,926 | - | 1,605,536 |
| As at 30 September 2021 | | | | | | |
| Cost | | | | | | |
| Cost as at 1 April 2021 | 35,659 | 48,378 | 810,021 | 758,462 | - | 1,652,520 |
| Additions | 3,464 | 2,217 | 50,716 | 123,617 | 18,307 | 198,321 |
| Written off | - | - | - | - | - | - |
| Cost as at 30 September 2021 | 39,123 | 50,596 | 860,737 | 882,079 | 18,307 | 1,850,841 |
| Accumulated Depreciation | | | | | | |
| Accumulated Depreciation at 1 April 2020 | (19,575) | (874) | - | (26,536) | - | (46,985) |
| Depreciation charge for the period | (9,436) | (1,687) | (11,983) | (32,797) | - | (55,903) |
| Written off | - | - | - | - | - | - |
| Accumulated Depreciation at 30 September 2021 | (29,011) | (2,561) | (11,983) | (59,333) | - | (102,888) |
| Carrying Amount | | | | | | |
| Cost | 39,123 | 50,596 | 860,737 | 882,079 | 18,307 | 1,850,841 |
| Accumulated Depreciation | (29,011) | (2,561) | (11,983) | (59,333) | - | (102,888) |
| Carrying Amount 30 September 2021 | 10,112 | 48,035 | 848,754 | 822,746 | 18,307 | 1,747,954 |

During the financial year ended 31 March 2021, the Group exercised its option to purchase the land it was renting in addition to the Power Station and additional land surrounding the Power Station for a purchase price of \$750,000. The Power Station was put into use and started depreciation from 1 April 2021.

There was no written off or disposal of asset during the six month period ended 30 September 2021.

GREENFERN INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH ENDED 30 SEPTEMBER 2021

11. INTANGIBLE ASSETS

| Year ended 31 March 2021 | Graphic design \$ | Trademarks \$ | Total \$ |
|---|-------------------------|------------------|--------------|
| Cost | | | |
| Cost as at 1 April 2020 | - | 2,650 | 2,650 |
| Additions | 662 | - | 662 |
| Cost as at 31 March 2021 | 662 | 2,650 | 3,312 |
| Accumulated Amortisation | | | |
| Accumulated amortisation 1 April 2020 | - | (135) | (135) |
| Amortisation for the year | (35) | (265) | (300) |
| Accumulated amortisation as at 31 March 2021 | (35) | (400) | (435) |
| Carrying Amount | | | |
| Cost | 662 | 2,650 | 3,312 |
| Accumulated amortisation | (35) | (400) | (435) |
| Carrying Amount 31 March 2021 | 627 | 2,250 | 2,877 |

Period ended 30 September 2021

| | | | |
|---|--------------|--------------|--------------|
| Cost | | | |
| Cost as at 1 April 2021 | 662 | 2,650 | 2,650 |
| Additions | 3,000 | - | - |
| Cost as at 30 September 2021 | 3,662 | 2,650 | 2,650 |
| Accumulated Amortisation | | | |
| Accumulated amortisation 1 April 2021 | (35) | (400) | (435) |
| Amortisation for the period | (81) | (113) | (194) |
| Accumulated amortisation as at 30 September 2021 | (116) | (512) | (628) |
| Carrying Amount | | | |
| Cost | 3,662 | 2,650 | 6,312 |
| Accumulated amortisation | (116) | (512) | (628) |
| Carrying Amount 30 September 2021 | 3,546 | 2,138 | 5,683 |

The amortisation charge of \$194 is recognised under administration expenses in the Statement of Comprehensive Income.

12. TRADE, OTHER AND RELATED PARTY PAYABLES

| | September 2021 \$ | March 2021 \$ |
|--|-------------------------|---------------------|
| Trade payables | 191,292 | 51,619 |
| Accruals | - | 72,106 |
| Related party payables | 53,288 | - |
| Other payables | 14,831 | 7,284 |
| Total trade, other and related party payables | 259,411 | 131,009 |

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.

GREENFERN INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH ENDED 30 SEPTEMBER 2021

13. RECEIVED IN ADVANCE

| | September 2021 | March 2021 |
|----------------------------------|-------------------|---------------|
| Note | \$ | \$ |
| Received in advance | 398,361 | - |
| Total received in advance | 398,361 | - |

Among the balance, \$300,000 payment received in advanced received is share subscription paid by GB Family Trust. It will be recognised as share capital on the listing date.

14. RELATED PARTIES

Related party transactions have arisen where a person(s) has control or significant influence over the reporting entity or where two entities are controlled or jointly controlled by a person(s) that has control or significant influence over the reporting entity.

Related Parties:

| | |
|---------------------------------|---|
| Brendon Partridge | Founding shareholder |
| Brent King | Shareholder and director of IRG and the Group |
| Cannabis and Bioscience | Shareholder and common directorship |
| CBC Greenfern | Shareholder and common directorship |
| Dan Casey | Founding shareholder & managing director |
| Daniel Leyden | Founding shareholder and director |
| Investment Research Group (IRG) | Shareholder and common directorship |
| John Hussey | Founding shareholder |
| Philip Brown | Shareholder and director |
| Renewable Power Limited | Shareholder and common directorship |
| Sarah Leyden | Spouse of Daniel Leyden |
| Timothy Johnson | Founding shareholder and director |
| GFI Pharma Limited | Subsidiary with 100% ownership |
| Greenfern Hemp Limited | Subsidiary with 100% ownership |
| Greenfern Power Limited | Subsidiary with 100% ownership |
| Mato Limited | Subsidiary with 100% ownership |
| Greenfern IndustriesThailand | Associate with 49% ownership |

Related party balances

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

| | | September 2021 | March 2021 |
|---------------------------------|------------------------|-------------------|---------------|
| Related Party Receivables | Nature of Transactions | \$ | \$ |
| Investment Research Group (IRG) | Management Fees | 2,588 | - |
| Investment Research Group (IRG) | Capital raising fee | 50,700 | - |
| | | 53,288 | - |

The related parties payables are unsecured and repayable on demand. There is no collateral or guarantees for related parties payables. Related parties payables for purchases of goods, directors fees and management fees are non-interest bearing.

GREENFERN INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH ENDED 30 SEPTEMBER 2021

14. RELATED PARTIES (continued)

Related party transactions

| Related party transactions | Nature of Transactions | September 2021 \$ | September 2020 \$ |
|---|--------------------------------|------------------------------|------------------------------|
| Cannabis and Bioscience | Share capital received | 401,400 | - |
| Cannabis and Bioscience | Shares purchased | - | 10,000 |
| CBC Greenfern | Share capital received | - | 75,000 |
| Investment Research Group | Lodgment, Capital raising, | 139,200 | 17,500 |
| Investment Research Group | Share capital received | 100,000 | - |
| John Hussey(Fluidity) | Project management fee | 88,696 | 92,602 |
| Renewable Power Limited | lease payments for Hydro Power | - | 17,297 |
| Total related party transactions | | 327,896 | 212,399 |

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 and the Chief Executive. Remuneration paid to key management personnel is as follows:

| | September 2021 \$ | September 2020 \$ |
|--|------------------------------|------------------------------|
| Salaries and other short-term benefits | 90,825 | 19,305 |
| Total | 90,825 | 19,305 |

15. COMMITMENTS AND CONTINGENCIES

The Group has no capital commitments at 30 September 2021 (31 March 2021: Nil)

16. FINANCIAL INSTRUMENTS

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:

| | Financial assets at amortised cost NZ\$ | Financial liabilities at amortised cost NZ\$ | Total NZ\$ |
|--|--|---|-----------------------|
| 30 September 2021 | | | |
| <i>Financial Assets:</i> | | | |
| <i>Amortised cost</i> | | | |
| Cash and cash equivalents | 2,071,998 | - | 2,071,998 |
| Trade and related party receivables | 4,143 | - | 4,143 |
| Shares in unlisted entities | 200 | - | |
| <i>Fair value through profit or loss</i> | | | |
| Shares in unlisted entities | 64,000 | - | 64,000 |
| Cash and cash equivalents(Bartercard) | 196,611 | - | 196,611 |
| Total financial assets | 2,336,952 | - | 2,336,752 |

GREENFERN INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH ENDED 30 SEPTEMBER 2021

16. FINANCIAL INSTRUMENTS (continued)

Financial liabilities:

Amortised cost

| | | | |
|------------------------------------|----------|----------------|----------------|
| Trade and other payables | - | 259,411 | 259,411 |
| Total financial liabilities | - | 259,411 | 259,411 |

31 March 2021

Financial Assets:

Amortised cost

| | | | |
|-------------------------------------|-----------|---|-----------|
| Cash and cash equivalents | 1,372,081 | - | 1,372,081 |
| Trade and related party receivables | 14,163 | - | 14,163 |
| Shares in unlisted entities | 200 | - | 200 |

Fair value through profit or loss

| | | | |
|-----------------------------|--------|---|--------|
| Shares in unlisted entities | 14,000 | - | 14,000 |
|-----------------------------|--------|---|--------|

| | | | |
|-------------------------------|------------------|----------|------------------|
| Total financial assets | 1,400,444 | - | 1,400,444 |
|-------------------------------|------------------|----------|------------------|

Financial liabilities:

Amortised cost

| | | | |
|------------------------------------|----------|----------------|----------------|
| Trade and other payables | - | 123,724 | 123,724 |
| Total financial liabilities | - | 123,724 | 123,724 |

The fair value of the financial instruments of the Group approximates their carrying value. The use of financial instruments exposes the Group to credit, interest rate and liquidity risks. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

17. INVESTMENT IN SUBSIDIARIES

| Name of subsidiary | Principal activity | Ownership interest and voting | |
|-------------------------|--------------------|-------------------------------|------------|
| | | September 2021 | March 2021 |
| GFI Pharma Limited | Non-Trading | 100% | 100% |
| Greenfern Hemp Limited | Non-Trading | 100% | 100% |
| Greenfern Power Limited | Non-Trading | 100% | 100% |
| Mato Limited | Non-Trading | 100% | 100% |

All subsidiaries were incorporated in March 2021 and are non trading.

18. 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.

GREENFERN INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH ENDED 30 SEPTEMBER 2021

18. SEGMENT REPORTING (continued)

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. The Company is considered to be in the corporate segment. Information regarding the operations of each reportable operating segment is included below.

Cannabis and therapeutics products

The operations of this segment reflect the activities of manufacture and distribution of hemp products.

Electricity generation

This segment includes the generation and distribution of electricity.

Corporate Segment

The corporate segment include providing accounting, management and administration services to other segments of the Group.

No operating segments have been aggregated to form the above reportable operating segments. The Group's Financing has been allocated to segments. Sales between the segments of the Group are made on in a similar manner to transactions with third parties.

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 September 2021 and 2020, respectively:

| | Cannabis and therapeutics products | Electricity generation | Corporate segment | Period ended 30 September 2021 |
|--|---|---------------------------|----------------------|-----------------------------------|
| | \$ | \$ | \$ | \$ |

For the six months ended 30 September 2021

Operating Income

| | | | | |
|---------------------------------|--------------|---------------|--------------|---------------|
| Revenue from external customers | 9,227 | 35,248 | - | 44,475 |
| Other Income | | | 5,307 | 5,307 |
| Total Revenue | 9,227 | 35,248 | 5,307 | 49,782 |

| | | | | |
|----------------------|--------|---|---|--------|
| Cost of sales | 31,077 | - | - | 31,077 |
|----------------------|--------|---|---|--------|

Operating Expenses

| | | | | |
|---------------------------------|----------------|---------------|----------------|----------------|
| Salary expenses | 50,825 | 9,640 | 101,402 | 161,867 |
| Amortisation and impairment | | | 194 | 194 |
| Depreciation | 34,484 | 11,983 | 9,436 | 55,903 |
| Other expenses | 144,992 | 46,086 | 425,202 | 616,280 |
| Total operating expenses | 230,301 | 67,709 | 536,235 | 834,244 |

| | | | | |
|---|------------------|-----------------|------------------|------------------|
| Segment profit/(loss) before tax | (252,151) | (32,460) | (530,928) | (815,539) |
|---|------------------|-----------------|------------------|------------------|

GREENFERN INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH ENDED 30 SEPTEMBER 2021

18. SEGMENT REPORTING (continued)

| | Cannabis and therapeutics products | Electricity generation | Corporate segment | Period ended 30 September 2021 |
|---|---|---------------------------|----------------------|-----------------------------------|
| | \$ | \$ | \$ | \$ |
| For the six months ended 30 September 2020 | | | | |
| Operating Income | | | | |
| Revenue from external customers | 5,254 | - | - | 5,254 |
| Other Income | - | - | 37,432 | 37,432 |
| Total Revenue | 5,254 | - | 37,432 | 42,686 |
| Cost of sales | 13,016 | - | - | 13,016 |
| Operating Expenses | | | | |
| Salary expenses | 52,489 | - | 9,165 | 61,654 |
| Depreciation | 6,477 | 354 | 6,012 | 12,843 |
| Other expenses | 127,367 | 1,357 | 162,858 | 291,582 |
| Total operating expenses | 186,333 | 1,711 | 178,035 | 366,079 |
| Segment profit/(loss) before tax | (194,094) | (1,711) | (140,603) | (336,408) |

The following tables present assets and liabilities information for the Group's operating segments as at 30 September 2021 and 31 March 2021, respectively:

| | Cannabis and therapeutics products | Electricity generation | Corporate segment | Total |
|--------------------------------|---|---------------------------|----------------------|-----------|
| | \$ | \$ | \$ | \$ |
| As at 30 September 2021 | | | | |
| Segment assets | 1,282,279 | 848,754 | 2,484,077 | 4,615,110 |
| Capital Expenditure | - | - | - | - |
| Segment Liabilities | 244,579 | - | 413,192 | 657,771 |
| As at 31 March 2021 | | | | |
| Segment assets | 965,022 | 810,021 | 1,641,002 | 3,416,045 |
| Capital Expenditure | - | - | - | - |
| Segment Liabilities | 123,724 | - | 940,784 | 1,064,509 |

GREENFERN INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH ENDED 30 SEPTEMBER 2021

19. NET TANGIBLE ASSETS PER SHARE

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

| | September 2021 \$ | March 2021 \$ |
|---|----------------------------------|------------------------------|
| Total assets | 4,615,110 | 3,416,045 |
| Less right-of-use assets | - | - |
| Less intangible assets | 5,683 | 2,877 |
| Tangible assets | 4,609,427 | 3,413,168 |
| Less total liabilities | 657,771 | 1,064,509 |
| Add lease liabilities | - | - |
| Net tangible assets | 3,951,655 | 2,348,659 |
| Number of ordinary shares on issue | 9,873,298 | 8,871,598 |
| Net tangible assets / liabilities per share in NZ\$ | 0.40023662 | 0.26470000 |

20. CONTINGENT LIABILITIES

The Group has no contingent liabilities at 30 September 2021 (31 March 2021 : Nil)

21. EVENTS AFTER THE REPORTING PERIOD

There has been no matter or circumstance, which has arisen since 30 September 2021 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 September 2021, of the Group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 September 2021, of the Group.

22. SEASONALITY OF INTERIM OPERATIONS

There are no significant seasonality or cyclicity of business affecting the interim operations.

GREENFERN INDUSTRIES LIMITED

CORPORATE INFORMATION

SOLICITORS

McRae Law Limited
PO Box 106-586
Level 9, 38 Wyndham Street, Auckland

Greenfern Industries Limited

Security code: GFI
Listed on NZX Market
NZ Company number: 6804155

SHARE REGISTRAR

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Private Bag 92-119
Auckland 1142

HEAD OFFICE / REGISTERED OFFICE

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

FINANCIAL ADVISER

Investment Research Group Limited
PO Box 106 488
Level 8, General Capital House
115 Queen Street
Auckland 1040

TELEPHONE

+64 (9) 3040145

WEBSITE

www.gfi.nz

AUDITORS

Crowe
Private Bag 90106
173 Spey Street, Invercargill

BANK

BNZ Bank
Hamilton Store
Garden Place
354 Victoria Street
Hamilton
Phone 0800 275 269