

NZX LISTING PROFILE



**GREENFERN**  
INDUSTRIES

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# GREENFERN INDUSTRIES LIMITED

13 OCTOBER 2021

Prepared in connection with the initial quotation of ordinary shares  
in Greenfern Industries Limited on the NZX Main Board

Prepared pursuant to Listing Rule 7.3.1 (b)



## 1\_ KEY INFORMATION SUMMARY

### What is this?

This profile document (**Profile**) has been prepared in accordance with the NZX Listing Rules to support the initial quotation of ordinary shares (**Shares**) in Greenfern Industries Limited (**Greenfern** or the **Company**) on the NZX Main Board.

No Shares are being offered as part of the Listing. Shares may become available for purchase on market after the Listing. Shares give you a stake in the ownership of Greenfern. You may receive a return if dividends are paid or Greenfern increases in value and you are able to sell your Shares at a higher price than you paid for them.

If Greenfern runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.

### About Greenfern

Greenfern is a New Zealand based cannabis, therapeutics and wellness company, incorporated in 2018, and aiming to be a leading New Zealand producer and wholesale distributor of:

- Medicinal cannabis products.
- Hemp-based health beauty products.
- Hemp-based food and other fast-moving consumer goods.

Greenfern is presently an early-stage operation with small revenues and making losses.

The Company's development to date has been funded principally by two crowdfunding capital raising rounds which raised \$1,963,204.46 gross (\$1,733,926 net) in 2019 and \$2,883,000 gross (\$2,673,334 net) in 2020. In 2021 the Company raised an additional \$2,155,400 from wholesale investors for further development.

The Company's primary focus to date has been on research at its medicinal cannabis facility at Normanby in Taranaki, harvesting and selling its hemp crops for industrial use and as ingredients for foods used in the fast-moving goods market, and establishing commercial relationships with local and overseas parties, as well as preparing to seek approvals and licences to produce and distribute medicinal cannabis products.

Greenfern has incorporated the following subsidiaries (**Subsidiaries**): GFI Pharma Limited, Mato Limited, Greenfern Hemp Limited, Greenfern Power Limited and GFI Pharma Pty Limited. Currently, none of the Subsidiaries has any assets or liabilities, and none of them has commenced trading. The Subsidiaries have been incorporated with a view to Greenfern operating through a group structure in the future.

Greenfern also has a 49% shareholding in Greenfern Thailand Limited. This company also has no assets or liabilities and has not commenced trading. Greenfern's intention is that, in time, this company will be an exclusive reseller of Greenfern's products in Thailand, and possibly more widely in Southeast Asia.

This company is 51% owned by a Thai resident to comply with Thai laws that in most cases require at least 51% of the shares in a Thai company to be held by Thai citizens. The Thai resident 51% shareholder (Kitty Chopaka), who effectively controls the company, is involved in the cannabis industry in Thailand. Greenfern representatives first met Kitty at a cannabis conference in Thailand. One of Greenfern's founders is currently based in Thailand and has regular contact with Kitty.

For more information, see Section 2 (Greenfern and what it does).

## About Greenfern's Shares

Following completion of the Listing, Greenfern will have 84,300,384 Shares on issue, all of which will be quoted on the NZX Main Board. Each Share gives the holder the right to:

- attend and vote at a meeting of the Company, including the right to cast one vote per Share on a poll (subject to any voting prohibitions under the NZX Listing Rules which may apply);
- an equal share with all other Shares in any dividends authorised by the Company;
- an equal share with all other Shares in the distribution of surplus assets of the Company in any liquidation of the Company;
- receive certain information from the Company (including its financial statements and its annual report); and
- other rights as a shareholder conferred by the Companies Act and the Company's Constitution.

## Listing statistics and key dates

|   |   |
|---|---|
| <b>FINANCIAL YEAR END</b>                     | 31 March  |
| <b>EXPECTED LISTING AND QUOTATION DATE</b>    | 21 October 2021   |
| <b>EXPECTED PAYMENT OF THE FIRST DIVIDEND</b> | No dividends are expected to be paid for the foreseeable future |

## How you can get your money out

Greenfern intends to quote its Shares on the NZX Main Board. This means you may be able to sell them on the NZX Main Board if there are interested buyers. You may get more or less than you invested. The price will depend on the demand for the Shares. The only way in which a holder of Shares can realise their investment is to sell or otherwise transfer their Shares. If you sell your Shares, you may be required to pay brokerage or other sale expenses. You may also be liable for tax on the sale of your Shares. You should seek your own tax advice in relation to your Shares.

## Key drivers of returns

| <b>DRIVERS OF FINANCIAL PERFORMANCE</b>   | <b>KEY STRATEGIES AND PLANS</b>   |
|---|---|
| <p><b>HEMP PRODUCTION</b></p> <p>Hemp production enables Greenfern (pending the development of its own range of medicinal cannabis products) to sell hemp as ingredients for hemp-based food and other fast-moving consumer goods</p> | <ul style="list-style-type: none"> <li>• Currently growing hemp and selling processed, higher value-added seed ingredients to hemp-based food and other fast-moving consumer goods producers.</li> <li>• Seek to sell hemp seed-based products in increased quantities.</li> <li>• Seek to commercialise the current by-products of hemp processing.</li> </ul> |

| DRIVERS OF FINANCIAL PERFORMANCE  | KEY STRATEGIES AND PLANS  |
|---|---|
| <p><b>CLINICAL TRIALS</b></p> <p>Clinical trials are critical to the development of quality medicinal cannabis products</p>   | <ul style="list-style-type: none"> <li>• Currently engaging with MCRC (an Australian based specialist medicinal cannabis clinical research organisation operating as a joint venture between Cannvalate Pty Limited and the Swinburne University in Melbourne) with a view to that organisation proving safety and efficacy of a range of medicinal cannabis products for Greenfern to distribute under its GFI Pharma and/or trademarked Theonol brands, subject to the Company first obtaining approvals from the corresponding regulatory bodies.</li> </ul>   |
| <p><b>COMPLETION OF SUBSTANTIAL GROWING AND PROCESSING FACILITIES</b></p> <p>The completion of the first of two planned substantial indoor medicinal growing and processing facilities is a key driver to being able (subject to obtaining the requisite product and other approvals and licences) to arrange for New Zealand based production and sale of quality medicinal cannabis products in commercial quantities</p> | <ul style="list-style-type: none"> <li>• Phase one (a small indoor pilot facility) complete and used for commercial and research purposes.</li> <li>• Phases two and three (substantial indoor medicinal growing facilities) in the design stages.</li> <li>• Phase two (approximately 240 square metres) projected to be constructed by 31 December 2022 adjacent to Phase one on land already owned by Greenfern.</li> <li>• Phase three (approximately 5,000 square metres) is dependent on an additional larger scale facility being required to service demand, and is currently not expected to be required during the next 3 years (construction of this facility would involve Greenfern having to first acquire land on which to build the facility).</li> </ul> |
| <p><b>OBTAIN PRODUCT APPROVALS AND FURTHER LICENCES</b></p> <p>Obtaining licences to enable Greenfern or a third party to manufacture and then Greenfern to distribute or arrange for the distribution of its own medicinal cannabis products and/or those of overseas suppliers is a key to reaching profitability and long- term viability for a medicinal cannabis products business.</p>                                | <ul style="list-style-type: none"> <li>• Remain compliant with existing licences.</li> <li>• Maintain regular contact with the Ministry of Health.</li> <li>• Obtain Medsafe approval of medicinal cannabis products so they may be distributed.</li> <li>• Apply for licences to enable manufacturing and distribution of medicinal cannabis products approved by Medsafe.</li> </ul>  |
| <p><b>SALES INTO OVERSEAS MARKETS</b></p> <p>Securing export markets for the Company's products (and products produced under white label arrangements) is a key to profitability and long-term viability.</p>   | <ul style="list-style-type: none"> <li>• Recently entered into an agreement with an Australian company, Cannvalate Pty Limited, under which that company, under a white label arrangement, is to arrange manufacturing and distribution of medicinal cannabis products under the Greenfern label, to pharmacies in Australia, as part of its own product range.</li> <li>• Targeting further export markets for Greenfern's products.</li> </ul>  |
| <p><b>INTELLECTUAL PROPERTY</b></p> <p>The development and protection of intellectual property is a key driver to developing differentiated products and brands designed to give the Company a competitive edge.</p>  | <ul style="list-style-type: none"> <li>• Address intellectual property issues in commercial agreements.</li> <li>• Monitor and protect intellectual property developments through confidentiality agreements, property protection clauses and registrations.</li> <li>• Work to develop cannabis products that have a point of difference.</li> </ul>   |

You should read the above table in conjunction with Section 2 (Greenfern and what it does).

## Key risks affecting this investment

Investments in shares can be risky. You should consider if the degree of uncertainty about Greenfern's future performance and returns is suitable for you. The price of its Shares should reflect the potential returns and the particular risks of the Shares. Greenfern considers that the most significant risk factors that could affect the value of its Shares are:

### Regulatory risk

As the medicinal cannabis regime in New Zealand is still in its infancy, there is some uncertainty as to what further changes might be made and whether it will develop or operate as efficiently as intended. Any adverse regulatory changes locally, or in overseas import and export markets, or any inability to obtain, renew or extend licences, could significantly affect the Company's business and viability. In particular, the Company is heavily reliant on being successful with applications for product approvals and licences relating to medicinal cannabis products in order to expand its primary businesses beyond the cultivation and sale of hemp and hemp-based products (and other products that are not dependent on obtaining the approvals needed for medicinal cannabis products) and the sale of power. If the Company is not successful with these applications, it will not be able to commence a medicinal cannabis products business which would likely have a material adverse effect on the extent to which the Company grows its overall business.

### Product development risk

Greenfern faces the risk that it is not able to develop further fast-moving consumer goods to add to its MaTo product line, or to develop its own medicinal cannabis products under the GFI Pharma and/or trademarked Theonol brands, in which case the Company may never become profitable and may cease to be viable, or at least there would be more pressure on the Company's other businesses to create greater earnings.

### Reliance on key personnel

Greenfern relies heavily on Daniel Casey and John Hussey in the ongoing management and operation of its business. If either was to leave Greenfern it could prove difficult to find a suitable replacement on a timely basis. This could prevent Greenfern executing on its business plan and strategy which would likely have a material adverse effect on its business.

### Competition risk

Competition from other producers of existing and new products, and from buyers of product, may put pressure on Greenfern's financial resources, and adversely affect its potential customer market share and its revenues. This is of particular significance to Greenfern and other entrants to the medicinal cannabis industry, as it is Greenfern's view that there is likely to be considerable aggregation within the sector as it develops. In Greenfern's view it is therefore very important that it carve out a distinctive niche in order to be one of the survivors in this industry. Should it fail to do so, Greenfern may cease to be viable.

### Agriculture and force majeure risk

The Company's business is subject to the risks of crop failure due to weather, insects, plant diseases, and other agricultural risks. The Company's business is also at risk from failure of its security systems, power failures, storms, flood, explosions and fire. Adverse changes resulting from these risks could require the Company to reduce or suspend production of cannabis, which could have a material adverse effect on the Company's business, financial condition, operations and prospects.

The Company will not grow medicinal cannabis crops until such time as it is able to construct a substantial indoor growing facility, so as to negate or minimise climate and security risks. Therefore, a failure to construct a substantial indoor growing facility could materially affect the Company's ability to make a medicinal cannabis products business viable.

### Market risk

Greenfern faces the risk that its products do not achieve significant market acceptance. Until such time as it is able to obtain product approvals and licences for medicinal cannabis products, the Company is exposed to the risk of competitors gaining or improving on a first mover advantage in this sector, although the diversification of the Company's businesses (sale of hemp, hemp-based products and power) reduces this risk to an extent. There can also be no certainty that medicinal cannabis products will be approved or gain market acceptance. Therefore, there is a significant risk for the Company that it is not successful in breaking into the medicinal cannabis products sector. A failure to do so would have a material adverse effect on the extent to which the Company grows its business, and its ability to improve its financial condition and results of operations.

### Funding and insolvency risk

As an early-stage company, Greenfern has relied principally on two crowdfunding capital raises for funds. The Company has recently made placements to wholesale investors and will require further capital if it wishes to undertake all currently envisaged capital projects with its own capital. However, progress towards the Company's business goals is not dependent on all possible capital projects being undertaken in the short term, or as necessarily requiring the Company to provide its own capital. Capital raising options, particularly in relation to any upgrade of the Hydropower Station, include capital contributions from prospective joint venture partners, and borrowing against assets. Regarding the proposed indoor growing and processing facilities, these are not required for the Company to be a distributor for overseas suppliers, nor for it to distribute its own products if their manufacture is outsourced, although the Company will not grow medicinal cannabis crops until such time as it is able to construct a substantial indoor growing facility, so as to negate or minimise climate and security risks. Nevertheless, the Company does intend to seek some further capital via placements and public offerings. While the Listing Price is \$0.25, there can be no assurance that the Company will be able to raise share capital at this price, or that investors will be able to trade their shares at this price. Shares may trade at a discount to the Listing Price. For further details see "Impact of future capital requirements" on page 14. Should Greenfern not be successful in raising further capital, in terms of the options outlined

above, or raising funds through asset sales, it may never become profitable and may cease to be viable.

This summary does not cover all the risks of investing in Shares. You should also read Section 5 (Risks to Greenfern's business and plans).

## Where you can find Greenfern's financial information

The financial position and performance of Greenfern are essential to an assessment of this investment. You should also read Section 4 (Greenfern's financial information).



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# LETTER FROM THE CHAIR

Dear Investor,

It is my pleasure on behalf of the Board of Greenfern, to invite you to read our Profile for the direct listing of Greenfern and quotation of its shares on the NZX Main Board.

Greenfern is presently an early-stage operation with small revenues and making losses.

The Company's development to date has been funded principally by two crowdfunding capital raising rounds which raised \$1,963,204.46 gross (\$1,733,926 net) in 2019 and \$2,883,000 gross (\$2,673,334 net) in 2020. In 2021 the Company raised an additional \$2,155,400 from wholesale investors for further development.

The Company's primary focus to date has been on research at the phase one site of its medicinal cannabis facility, harvesting and selling its hemp crops for industrial use and as ingredients for foods used in the fast-moving goods market, and establishing commercial relationships with local and overseas parties, as well as preparing to seek approvals and licences to produce and distribute medicinal cannabis products.

The key elements of Greenfern's strategy are:

- Complete phase two and (depending on demand for New Zealand sourced products) phase three of its medicinal cannabis facility.
- Extend beyond its existing cultivation and supply licences, through the sale of white label medicinal cannabis products in Australia (and potentially other countries), and (subject to obtaining Medsafe product approvals and licences) distributing medicinal cannabis products in New Zealand for overseas suppliers, and distributing medicinal cannabis products produced from its own crops.
- Secure export markets for its products.
- Protect its intellectual property.

In anticipation of listing on the NZX Main Board, founder shareholders and investor shareholders have each passed special resolutions approving all shares in the Company being classified (conditional on listing) as ordinary shares ranking equally in all respects.

Listing is anticipated to provide the following benefits:

- A platform to raise capital.
- Better enable the Company to raise further capital to further develop products and establish further commercial relationships, particularly with overseas wholesale buyers of its products.
- Allow shareholders a recognised market on which to buy/sell shares.

The Company's key executives, Daniel Casey and John Hussey, are shareholders of the Company, currently owning 10.44% and 14.81% respectively of the shares currently on issue. Escrow commitments they have entered into with the Company limit the numbers of shares they are permitted to dispose of during an escrow period that lasts until Greenfern releases to NZX its results announcement in respect of the financial year ended 31 March 2024 (the end of the escrow period). They are required to hold not less than 4.70% and 6.67% respectively of the shares currently outstanding at the end of escrow period. The restrictions on their disposal of shares then cease.

As Greenfern is an early-stage company that is not yet profitable, it has no plans to pay dividends for the foreseeable future.

I encourage you to read this Profile carefully, as it contains important information about Greenfern, as well as the key drivers towards profitability and the key risks associated with investing in Greenfern.

The Board of Greenfern is looking forward to Greenfern listing on the NZX's Main Board and to your continued participation as a shareholder in Greenfern's future.

Yours sincerely,



Brent King

Chair,  
Greenfern Industries Limited



## 2\_ GREENFERN AND WHAT IT DOES

### Overview of Greenfern

Greenfern is a New Zealand based cannabis, therapeutics and wellness company which was incorporated in 2018. As such, the Company is presently an early-stage operation with small revenues and making losses.

The Company aims to be a leading New Zealand producer and wholesale distributor of:

- Medicinal cannabis products.
- Hemp-based health beauty products.
- Hemp-based food and other fast-moving consumer goods.

The Company's primary focus to date has been on research, harvesting and selling its hemp crops for industrial use and as ingredients for foods used in the fast-moving goods market, and establishing commercial relationships with local and overseas parties, as well as preparing to seek approvals and licences to produce and distribute medicinal cannabis products.

### Hemp and Medicinal Cannabis

Cannabis comes from the plant *Cannabis sativa*. The main components of the plant are the seeds, the stalks, the leaves and the flowering tops. The effects of cannabis on humans are caused by the chemicals in the plant, known as cannabinoids. The two main cannabinoids are tetrahydrocannabinol (THC) and cannabidiol (CBD).

THC is cannabis' primary psychoactive ingredient, i.e. the ingredient responsible for the "high" associated with use of cannabis. CBD products primarily contain CBD and little to no THC and other related psychoactive substances. Because of THC's psychoactive effect, medicinal cannabis products, except CBD products, are controlled drugs under the Misuse of Drugs Act 1975, and additional requirements for prescribing them apply. CBD products are prescription medicines under the Medicines Act 1981, and the additional requirements do not apply to them.

However, all medicinal cannabis products, including CBD products, must be manufactured under Good Manufacturing Practice, and must be verified by Medsafe as meeting this minimum quality standard in order to be able to be prescribed under normal prescription procedures.

Industrial hemp is varieties of *Cannabis sativa* that have a THC content generally below 0.35%. Since 2006 it has been possible to grow, trade in or process industrial hemp as an agricultural crop, so long as a licence to do so has been obtained under the Misuse of Drugs (Industrial Hemp) Regulations 2006.

However, industrial hemp or industrial hemp products cannot be supplied to any person for therapeutic use or for the purpose of creating a therapeutic product.

To be considered a CBD product under Section 2A of the Misuse of Drugs Act 1975 the THC and specified substances within the product must not exceed 2% of the total CBD, THC and other specified substances. CBD products that have been approved by Medsafe can be prescribed by medical practitioners and no additional Ministry of Health approval is required to do so. Ministry of Health approval is required to prescribe products that do not meet the requirements of a CBD product (except Sativex if it is prescribed for patients with multiple sclerosis who meet certain criteria).

Any person wishing to undertake any medicinal cannabis activity in relation to any part of the *Cannabis sativa* plant must hold a licence to do so under the Misuse of Drugs (Medicinal Cannabis) Regulations 2019. Licences may be issued for the following activities: cultivation, nursery, research, possession for manufacture, or supply.

## Strategy

Greenfern's strategy is to ultimately become a leading New Zealand producer and wholesale distributor of medicinal cannabis products.

The Company is seeking to do this, principally by completing phase two and (depending on demand for its products) phase three of its medicinal cannabis facility in Taranaki, seeking and obtaining product approvals and licences to produce and distribute medicinal cannabis products, and securing export markets for its products.

### Current activities

At this stage, until such time as these product approvals and licences are obtained, Greenfern is seeking to build on its presently small revenues, by harvesting and selling its hemp crops for industrial use and as ingredients for foods used in the fast-moving goods market, and establishing commercial relationships with local and overseas parties to whom the Company can sell its products.

Greenfern presently has one range of its own products, being its MaTo product line which is a line of hemp-based body care products that Greenfern sells at wholesale and retail in New Zealand.

The Company also has arrangements in place to sell at wholesale, hemp seed, hemp seed oil, and hemp cake to a number of producers of fast-moving consumer goods, including a craft beer producer and a company that produces a hemp-based substitute for meat products.

The Company also has an agreement with Pharmacy Retailing (NZ) Limited, a distributor to pharmacy retailers, which will allow Greenfern, subject to its first obtaining Medsafe approval of the relevant products and the necessary

supply licences, to distribute medicinal cannabis products for its overseas suppliers such as Disruption Labs Inc. Brains Bioceutical Corporation and KelSie Biotech Inc. (see pages 39 and 40 for details of these arrangements).

Greenfern is committed to minimising input costs and maximising sustainability practices. The Company is also committed to environmentally friendly businesses that minimise negative environmental impacts and contribute to sustainable development. This is evident in its acquisition in 2020 of its Hydropower Station that is intended to provide the Company with clean, renewable energy at a competitive cost. Greenfern currently sells excess power generated to Pulse Energy at spot electricity market prices.

Further evidence of its commitment to the environment is the Company recently being the first medicinal cannabis organisation to be certified a Toitū carbonzero organisation. Toitū carbonzero certifications are issued by a Landcare Research New Zealand Limited subsidiary (Enviro-Mark Solutions Limited) that trades as Toitū Envirocare. Their carbonzero certifications indicate that a carbon footprint has been independently measured and verified against international best practice standards and is being reduced in line with those standards.

### Future activities

The Company is currently exploring the upgrade potential for its Hydropower Station with a view to increasing its production capacity.

While looking to increase revenues from the sale of the products described above, Greenfern continues to invest in research into medicinal cannabis products, which the Company intends would be marketed under its GFI Pharma and/or trademarked Theonol brands.

The construction of one, and potentially two, substantial indoor medicinal cannabis growing and production facilities is a key driver to being able to arrange for New Zealand based production and sale of quality medicinal cannabis products in commercial quantities. Greenfern intends to construct the first of these facilities by 31 December 2022.

Greenfern is also in the process of preparing its response to Medsafe's initial assessment of a first medicinal cannabis product of an overseas supplier (Brains Bioceutical Corporation) that the Company intends to distribute in New Zealand, subject to first undergoing a full Medsafe assessment, obtaining Medsafe approval to the product, and a licence to distribute that product.

Greenfern also intends to apply for approvals for other medicinal cannabis products and licences to produce and distribute such products.

Greenfern is also targeting export markets to supplement the agreement it has recently entered into with an Australian company, Cannvalate Pty Limited, under which that company, under a white label arrangement, is to arrange

for the manufacture and distribution of medicinal products, under the Greenfern label, to pharmacies in Australia, as part of its own product range, subject to complying with the Australian medicinal cannabis regime.

### Intellectual property

A further key strategy of Greenfern is to continue development and protection of intellectual property. Intellectual property developed in collaboration with the Riddet Institute of the Massey University is presently jointly owned by Greenfern, the Massey University and Sustainable Foods Limited in equal one-third shares. This intellectual property relates to hemp-based meat analogue products. As Greenfern commercialises its products, the Company

envisages transferring (with the approval of the other parties) portions of parts of the intellectual property that have been developed to parties best able to commercialise that intellectual property.

### Summary

Key steps in Greenfern’s strategy, a projected timetable for implementing them, and their estimated costs, is summarised in the table below. See “Product approvals and licences” on page 16 for further details of the regulatory approvals required.

| KEY STEPS  | TIMETABLE   | REGULATORY APPROVALS REQUIRED  | CAPITAL REQUIREMENT  |
|--|---|--|--|
| Securing an agreement with Cannvalate Pty Limited (Cannvalate) for it to arrange to whitelabel (with the Greenfern label) medicinal cannabis products and to sell them to pharmacies in Australia as part of its own product range | Agreement signed on 3 September 2021. Production and distribution of an initial order of items (30 milligram bottles) now to proceed  | The products are manufactured under existing licences and the manufacturer has submitted a Therapeutics Goods Order declaration (TGO 93) to the Therapeutics Goods Administration in Australia confirming that the products comply with Australian quality standards | Depends on how many items Greenfern orders. A first order has been placed and fees of A\$195,000 paid                          |
| Obtain product approvals and licences to distribute medicinal cannabis products for overseas suppliers, and medicinal cannabis products produced from crops grown by the Company   | Currently working through a product approval process for a product intended to be distributed for Brains Bioceutical Corporation, an overseas supplier, after which the Company intends to apply for a licence to distribute that product. Greenfern intends to make further applications for product approvals and licences for other medicinal cannabis products. | Product approvals and licences to distribute required. Any product manufactured in New Zealand would require a New Zealand manufacturing licence   | \$500 for each initial product assessment, then \$15,000 for each full product assessment, plus the amount of any licence fees |

|  |   |  |   |
|--|---|--|---|
| Construction of phase 2 of a medicinal cannabis facility (approximately 240 square metres)   | Forecast to be undertaken and completed by 31 December 2022   | Greenfern has applied for a building permit and is working to satisfy the conditions of an existing resource consent | Forecast to cost approximately \$150,000 for the building, plus \$500,000 for the fitout to be spread over 3 years (this will be a progressive fitout as scale demands). Forecast to be funded from the recent placement to wholesale investors |
| Construction of phase 3 of a medicinal cannabis facility (approximately 5,000 square metres) | Dependent on an additional larger scale facility being required to service demand, and is currently not expected to be required during the next 3 years (construction of this facility would involve Greenfern having to first acquire land on which to build the facility) | A building permit and resource consent will be required  | Phase 3 is not currently required and has not yet been costed   |
| Upgrade of the Hydropower Station  | A timetable is still to be finalised  | A resource consent will be required  | Forecast to cost between \$2 million to \$3 million. Forecast to be undertaken as a joint venture and funded by the joint venture contractor in return for equity. Alternatively, it may be funded via a bank facility                          |
| Expansion of the existing businesses   | Continuous  | Existing hemp licences need to be renewed annually   | Dependent on what opportunities arise   |
| Development of local and export markets  | Continuous  | Licences will be required to export  | Dependent on what opportunities arise   |

In conjunction with the above key steps, Greenfern will look to continue to develop and protect its intellectual property.



### Committed Expenditure

Greenfern's cash and cash equivalents at the end of FY 2021 was \$1,297,054. The Company expects its cash and cash equivalents on hand at Listing to be in the order of \$2,506,594. The Company's committed expenditures post Listing include expenditures in the following areas: staff salaries, operating expenses, hemp production, hemp operations, MaTo products, and expenditure toward development of medicinal cannabis products. Committed (or soon to be committed) expenditures also include expected capital expenditure on phase two of a medicinal cannabis facility of \$650,000 (see page 13) and expected expenditure on the Company's Australian white label arrangements of between \$700,000 and \$750,000 in the period up to 31 March 2023. The Company is not anticipating having to incur significant expenditure on any upgrade of its Hydropower Station in the period up to 31 March 2023 (see page 13). Cash expenditure is expected to approximate an average of close to \$270,000 per month in the period to 31 March 2023. Apart from a further capital raise of \$1,250,000 planned for January 2022, the Company does not expect to need to raise further capital prior to 31 March 2023.

Greenfern is under no obligation to update this section of the Profile. However, as from Listing, Greenfern will make periodic and continuous disclosure announcements to the market as required by the Listing Rules.

Capital raisings and expenditures are subject to a number of risks and uncertainties, and capital raised and/or expenditure incurred may differ from what is expected. Under no circumstances should investors regard the above commentary as a representation or warranty by Greenfern or anyone else as to the capital it will raise or the actual expenditures it will incur.

### Impact of future capital requirements

Greenfern will look to finance some of its future capital requirements from share placements and/or rights issues. Other potential sources of capital, particularly for projects such as an upgrade of the Hydropower Station, are construction or other contributions from potential joint venture partners, and borrowing against the asset. Decisions whether to hold and develop, or sell, any asset class, and decisions whether to invest in the short term or to defer to a later date, will be made after weighing returns against holding costs, and the availability of capital at the time.

Capital raisings from share placements and/or rights issues would have a material dilution effect in relation to each shareholder's shareholding in the Company. The number of shares each shareholder has in the Company would remain unchanged, but the percentage of shares that the shareholder holds in the Company would be reduced because of the dilutionary effect. By way of example, if the Company was, after Listing, to raise a further \$5 million by issuing 20 million shares at \$0.25 each, a (hypothetical) shareholder who currently holds 4,215,019 (5%) of the shares in the Company, and who does not participate in the capital raising would, after the capital raising, still hold 4,215,019, but only 4.04%, of the expanded number of shares in the

Company. However, the actual price at which any shares may be issued will be determined by the Board and may be less than \$0.25 per share, i.e. it may be \$0.20 per share. In that event the shareholder in the above example would, in addition to suffering a dilution in its percentage shareholding, also suffer a dilution in the value of its shareholding, i.e. in the above example, the Company would need to issue a further 25 million shares to raise \$5 million, in which case the above shareholder would still hold 4,215,019, but only 3.86 %, of the expanded number of shares, and its shares would then have a value, not of \$0.25 per share, but of \$0.20 per share.

## Business Model

Greenfern's strategy is designed to develop an integrated business model (outsourcing business activities where it considers it appropriate to do so) which seeks to expose the Company to functions that span from research to growth and harvesting, to processing, potentially manufacturing, and distribution.

This business model is designed to achieve the following objectives:

- Allow the Company to efficiently manage its entire supply chain, while maintaining its core focus on quality and sustainability.
- Allow the Company to generate revenue from a range of sources, including by importing and selling medicinal cannabis products at wholesale, and hemp processing for farmers in the Taranaki and South Island regions.
- Allow the Company to create higher value products and cater for special product requirements and patient needs by producing products such as dissolvable wafers, tincture oil with enhanced bio availability, and pure CBD oils with zero THC content.
- Allow the Company to sell principally at wholesale on a B2B or B2B2C basis.
- Allow the Company to capitalise on multiple markets.
- Allow the Company to increase its export capability with the benefit of New Zealand's reputation for high quality natural products and environmental sustainability.

Greenfern's progress to date on various aspects of its integrated business model is summarised below.

| FUNCTION                     | PROGRESS  |
|------------------------------|---|
| <b>RESEARCH</b>              | <p>Greenfern entered into a Research and Consultancy Agreement with the Riddet Institute of the Massey University in August 2019 for the development of food products and ingredients from hemp. As a result, a hemp-based meat substitute has been developed and the Company is presently selling hemp-based ingredients to Sustainable Foods Limited, a producer of those products. Greenfern and Hemp Connect Limited received a grant from the Bioresource Processing Alliance to collaboratively undertake research (working alongside Callaghan Innovation) to develop hemp by-products into more value-added products. Greenfern is also undertaking work with Callaghan Innovation in relation to the use of high-grade 20+ UMF mānuka honey in a therapeutic formulation that includes CBD as a first step towards exporting to markets where CBD is considered a nutraceutical ingredient. Greenfern has also commenced plans for clinical research to be undertaken to develop a range of medicinal cannabis products for Greenfern with a goal of developing a medicinal cannabis product range to be sold under the Company's GFI Pharma and/or trademarked Theonol brands. The Company is also trialing the effectiveness of poultry litter as a fertiliser to aid the growth of industrial hemp.</p> |
| <b>GROWTH AND HARVESTING</b> | <p>The Company grows hemp on land leased/licenced to it under short term arrangements at a site adjacent to its business in Taranaki in the North Island, and at a site at Lake Hāwea in the South Island (the Company also has an option to use a site on the West Coast of the South Island for growing on a short-term basis). The hemp is harvested by contractors to Greenfern. Hemp seed oil and hemp cake is sold at wholesale to users of industrial hemp and as ingredients to producers of hemp-based fast-moving consumer goods, such as health and beauty products and hemp-based foods. The Company also sells its own MaTo range of body care products, which contain processed hemp seed oil grown by the Company. The Company has recently commenced growing cannabis at its site at Normanby, Taranaki.</p>  |
| <b>PROCESSING</b>            | <p>The Company presently only processes hemp to the point where it can be sold as hemp seeds or processed hemp seed food ingredients. However, subject to constructing a large indoor medicinal growing facility, the Company intends to process large commercial amounts of cannabis into dry cannabis flower (starting material) for medicinal use, and either to produce medicinal cannabis ingredients and medicinal cannabis products itself, or have them produced for the Company to distribute.</p>   |
| <b>MANUFACTURING</b>         | <p>The Company presently does not undertake any manufacturing activities. Again, subject to constructing a large indoor medicinal growing facility and (if undertaken in-house) obtaining manufacturing licences, the Company intends to process starting material produced from drying cannabis flower into medicinal cannabis ingredients and medicinal cannabis products. A decision is still to be made whether to seek approval to itself process starting material into medicinal cannabis ingredients and medicinal cannabis products, or whether to outsource this operation.</p>   |
| <b>DISTRIBUTION</b>          | <p>The Company presently sells hemp oil, hemp seeds and hemp cake at wholesale to users of industrial hemp and as ingredients to producers of hemp-based fast-moving consumer goods, such as health and beauty products and hemp-based foods. Subject to constructing a large indoor medicinal growing facility and obtaining supply licences, the Company intends to sell starting material, the ingredients for medicinal cannabis products and medicinal cannabis products, both locally and overseas, principally at wholesale and either itself or through a distributor.</p>  |

## Product approvals and licences

Greenfern presently holds three general licences for industrial hemp that enable it to grow and cultivate approved cultivars outside at leased/licenced sites adjacent to its business operation in Taranaki, and inside at its medicinal cannabis facility at the place of its business operations in Taranaki.

Greenfern also holds a medicinal cannabis licence that authorises cultivation and supply activities at the Company's medicinal cannabis facility in Taranaki. The authorised supply activities extend only to possessing starting material, cannabis-based ingredients or medicinal cannabis product. A further supply licence will be required to supply these items within New Zealand or to export them overseas.

Greenfern does not require any further approvals or licences, or to build any further facility for its existing business activities, ie the sale of its hemp seed, hemp seed oil and hemp cake, the sale of its MaTo product line, and the sale of excess electricity on the spot electricity market.

However, for Greenfern to extend beyond its existing business activities and produce starting material that is used in the production of medicinal cannabis products and/or manufacture and/or distribute medicinal cannabis products, it must first have the requisite product approvals and licences. In New Zealand, Medsafe will only approve products that meet minimum quality standards, which require that they be manufactured under the New Zealand Code of Good Manufacturing Practice for Manufacturing and Distribution of Therapeutic Goods (GMP). Greenfern's progress toward obtaining product approvals and licences for Australia and New Zealand is described in further detail below.

### Research Activities

Research work is being undertaken for Greenfern by third parties, as described in this Profile. In New Zealand a Medicinal Cannabis Licence for Research Activity issued under Regulation 25 of the Misuse of Drugs (Medicinal Cannabis) Regulations 2019 (Medicinal Cannabis Regulations) is required to undertake such work.

### Australian white label arrangements

Greenfern does not require any New Zealand approvals or licences, or to build a specific facility for the white label arrangement it has recently entered into with Cannvalate Pty Limited (Cannvalate). Under that arrangement, Cannvalate arranges for the manufacture and distribution of medicinal cannabis products under the Greenfern label, to pharmacies in Australia, as part of its own product range. Greenfern expects Cannvalate to obtain all approvals required under Australian law. Cannvalate distributes the relevant products pursuant to licences that have been issued under the Drugs, Poisons and Controlled Substances Act 1981 (Australia). The manufacturer has submitted a Therapeutics Goods Order declaration (TGO93) to the Therapeutics Goods Administration in Australia confirming that the products meet Australian quality standards. No further product approvals or licences are required under Australian law for the original order that has been placed. No product approvals or licences need to be obtained from Medsafe in New Zealand for this Australian operation.

## Distribution of medicinal cannabis products for overseas suppliers

Greenfern also intends to distribute products of overseas suppliers. This does not require it to build its own facility. In New Zealand, it does require the Company to obtain product approvals from Medsafe and a Medicinal Cannabis Licence for Supply Activity issued under Regulation 27 of the Medicinal Cannabis Regulations. The Company is currently preparing its response to Medsafe's initial assessment of a first product of an overseas supplier (Brains Bioceutical Corporation) that the Company intends to distribute in New Zealand, subject to obtaining product approval and a licence to distribute. It is not able to say how long it might take to obtain full product approval for this product and then the Licence. Greenfern also intends to apply for product approval and licences for other products of overseas suppliers in the future.

## Growing and harvesting flower/starting material for medicinal cannabis products

Greenfern also intends to grow, harvest and dry cannabis flower to be used as a starting material for the production of medicinal cannabis products. The Company already has a Medicinal Cannabis Licence for Cultivation Activity issued under Regulation 23 of the Medicinal Cannabis Regulations, which permits the Company to grow, harvest and dry cannabis flower. In doing so, the Company intends to comply with Good Agricultural and Collecting Practice (GACP), a set of guidelines covering the quality of medicinal plant materials. The Company also has a Medicinal Cannabis Licence for Supply Activity issued under Regulation 27 of the Medicinal Cannabis Regulations, which permits the Company to possess starting material, but does not permit the Company to supply starting material for use in the production of medicinal cannabis products, or by export. To obtain a Medicinal Cannabis Licence for Supply Activity that enables these activities, the Company must first undertake product assessments, that must be approved by Medsafe, for the starting material to be used in the intended medicinal cannabis products, or for export of the starting material, as applicable. The Company is preparing to apply for this Licence, but is not able to say how long it might take to obtain the Licence.

The Company also intends to use starting material to produce medicinal cannabis products, but is intending to outsource the manufacturing function. Therefore, unless Greenfern's Medical Cannabis Licence for Supply Activity provides otherwise, the manufacturer will be the person who will need to obtain the requisite product approvals and licences for this function. The licences are: a Medicinal Cannabis Licence for Possession Activity issued under Regulation 26 of the Medicinal Cannabis Regulations, and a Licence to Manufacture Medicines/Licence to Pack Medicines/Licence to Sell Medicines issued under the Medicines Act 1981. Therefore, on that basis, it would be the manufacturer who would need to comply with expected conditions of the licence relating to GMP and minimum quality standards so as to ensure compliance with the minimum quantity standards requirements set out in Part 1 of the Medicinal Cannabis Regulations.



The Company will also require product approval from Medsafe and a Medicinal Cannabis Licence for Supply Activity issued under Regulation 27 of the Medicinal Cannabis Regulations to distribute the product in New Zealand. Again, the Company intends to rely on a partner in Australia to obtain the approvals required for distribution in that country-see above.

### Reliance on licences

A medicinal cannabis licence authorises the licence holder to carry out licensed activities. Therefore, it is the person who seeks to undertake the relevant activity who needs to obtain the relevant licence. Under the white label arrangements with Cannvalate it is Cannvalate, as the owner of the white label products, who must ensure it has the requisite licences. Nevertheless, licences may conceivably be issued on terms that make the licensee responsible for activities beyond what it is licensed to undertake (which would effectively require the licensee to ensure that those other activities are carried out by persons who hold any necessary licences).

### Medicines Act 1981

Depending on the activities it undertakes, Greenfern will also need to obtain any of the following relevant licences issued under the Medicines Act 1981: a licence to manufacture medicines, a licence to pack medicines, and a licence to sell medicines.

### Import and Export Licences

Greenfern will need to obtain a licence to import controlled drugs, or licence to export controlled drugs, issued under the Misuse of Drugs Regulations 1977, in relation to any import or export of starting material or medicinal cannabis products that are not CBD products.

### Assistance with product approvals and licences

Greenfern has engaged Pharmout Pty Limited (PharmOut) to assist it to obtain the product approvals and licences it requires to extend its business activities into the medicinal cannabis industry. PharmOut is a professional GMP consultancy specialising in supporting the medicinal cannabis cultivation industry and the new generation medicines pharmaceutical production industry. PharmOut has offices in Australia, Hong Kong, New Zealand, South Africa, the United Kingdom and the United States.

### New facilities

Greenfern is also intending to construct two indoor growing facilities - see the table on page 5 for details of the consents required and a forecast timetable for the construction of these facilities.

In addition to obtaining any relevant licences the Company must obtain permits for each individual import or export of cannabis items.

### Key Business Strengths

This section identifies what Greenfern considers to be its key strengths. However, investors should read this section together with the Industry Overview (see page 29) and Section 5 (Risks to the Greenfern's business and plans).



| KEY STRENGTH   | DESCRIPTION OF KEY STRENGTH  |
|--|--|
| <p><b>PATH TO PROFITABILITY</b></p>                      | <p>As an early-stage company, Greenfern identified the need to become profitable in the medium term. The Company's business model is designed with objectives that have medium term profitability as a principal focus. Those objectives are management of the Company's supply chain, maintaining a focus on quality and sustainability, generating revenues from a range of sources, creating high value products, selling principally at wholesale, and selling into multiple markets with an export focus and trading on New Zealand's reputation for quality and environmental sustainability (see <b>Business Model</b> on page 14). The key drivers to profitability are the construction of a large indoor medicinal growing facility, obtaining licences to manufacture (if undertaken in-house) and distribute cannabis products, securing export markets, and developing and protecting intellectual property (see <b>Key drivers of returns</b> on page 4). The Company's strategy to construct a large indoor medicinal growing facility, the Company's experience with its existing licences, its ability to form commercial relationships locally and with importers and also to conclude a white label arrangement relating to the Australian market, and the Company's focus on intellectual property protection, are indicators that the Company is performing in relation to the key drivers of returns necessary to achieve profitability.</p> |
| <p><b>HIGHLY COMPETENT BOARD AND MANAGEMENT TEAM</b></p> | <p>Greenfern's Board and management have significant experience relevant to developing a diversified cannabis business. Board members' profiles appear on page 31. Co-founder, Daniel Casey, has over 15 years' experience as a project manager and civil engineer. John Hussey, a key executive, has been instrumental in securing many of the Company's commercial relationships. Other senior management profiles appear on page 33.</p>  |
| <p><b>BUSINESS MODEL</b></p>                             | <p>Greenfern's strategy is designed to develop a business model which seeks to expose the Company to functions that span from research, to growth and harvesting, to processing, manufacturing and distribution. This business model has a number of key objectives (see <b>Path to Profitability</b> on page 18) that are designed to reinforce the Company's key drivers of returns (see <b>Key drivers of returns</b> on page 4).</p>   |



## INVESTMENT IN RESEARCH

The Company has developed its own MaTo range of body care products. The Company's emphasis on research has also enabled it to develop and co-own with the Massey University and Sustainable Foods Limited valuable intellectual property which is now being commercialised by Sustainable Foods Limited as hemp-seed based meat substitute products under a joint venture with the Company and Massey University. The Company has also entered into agreements with Hemp Connect Limited, the Bioresource Processing Alliance (a body associated with the Ministry of Business Innovation and Employment) and Callaghan Innovation, under which Callaghan Innovation is currently conducting research for the Company and Hemp Connect Limited, funded by the Bioresource Processing Alliance, into developing hemp-seed by-products into more value-added products. Research is also being undertaken for the Company by Callaghan Innovation which is intended to form a basis for future medicinal cannabis products for use in New Zealand or export if laws allow. Clinical research trial planning is also currently being undertaken for the Company in Australia with a view to developing a range of clinically proven and registered medicinal cannabis products to be sold across Australasia and beyond under the Company's GFI Pharma and/ or trademarked Theonol brands. Such sales would need to comply with the relevant regulatory medicinal cannabis laws.

## FOCUS ON EXPORT TERRITORIES

Greenfern has focused on overseas markets from the time of its establishment. The Company has entered into three arrangements for the importing of medicinal cannabis product (subject to satisfying Ministry of Health criteria for manufacturing products to Good Manufacturing Practice (GMP) standards and obtaining a medicinal cannabis supply licence). Recently, Greenfern received a letter of intent from MediPharm Labs Australia Pty Limited, a producer of pharmaceutical-quality cannabis products, regarding a potential commercial agreement to enable Greenfern to export medicinal cannabis product to Australia (subject to obtaining medicinal cannabis manufacturing and supply licences).

## FOCUS ON INTELLECTUAL PROPERTY

Greenfern has made meaningful progress in the development of intellectual property through its relationship with the Riddet Institute of Massey University, which has led to the development of significant intellectual property owned by the Company, Massey University and Sustainable Foods Limited in equal one-third shares. This intellectual property relates to high protein alternative meat and other food products and ingredients derived from hemp through extraction and extrusion processes (see "Agreement to Commercialise Intellectual Property with Sustainable Foods Limited and Massey University" on page 43). The Company is currently conducting collaborative research with Hemp Connect Limited into creating value from the byproducts of hemp seed, such research having been funded by public bodies known as the Bioresource Processing Alliance.

## Greenfern's Journey to Date

The Company's development to date has been funded principally by two crowdfunding capital raising rounds which raised \$1,963,204.46 gross (\$1,733,926 net) in 2019 and \$2,883,000 gross (\$2,673,334 net) in 2020. In 2021 the Company raised an additional \$2,155,400 from wholesale investors for further development.

The Information Memorandum for the 2020 crowdfunding round was updated on two occasions to address concerns raised by the Financial Markets Authority: (a) on 7 October 2020 further information was included on page 18 regarding what was then the potential purchase of the Hydropower Station; (b) on 19 October 2020 further information was included on page 7 to clarify the status of all prior, current and future licences, particularly the medicinal cannabis research licence held by the Company at that time.

The Company's expenditure to date has focused primarily on the following areas: research, product development, property, plant and equipment (\$1,622,188 up to 31 March 2021, including an all up cost of \$754,297 for the purchase of a power plant, with \$50,000 of the purchase price being required to be re-invested by the vendor as shares in Greenfern, and \$766,462 up to 31 March 2021 on a small indoor pilot facility), staff salaries and independent contractor payments, operational costs, costs associated with establishing commercial relationships, and administration costs.

Research has been undertaken for the Company by the Riddet Institute of the Massey University, who together with Sustainable Foods Limited are equal one-third owners with the Company of the intellectual property that has been developed in relation to hemp-based meat substitute products. The Company has also entered into agreements with Hemp Connect Limited, the Bioresource Processing Alliance (a body associated with the Ministry of Business Innovation and Employment) and Callaghan Innovation, under which Callaghan Innovation is conducting research for the Company and Hemp Connect Limited, funded by the Bioresource Processing Alliance, into developing hemp-seed by-products into more value-added products. Research is also being undertaken for the Company by Callaghan Innovation which is intended to form a basis for future medicinal cannabis products for use in New Zealand or export if laws allow. Clinical research trial planning is also currently being undertaken for the Company in Australia with a view to developing a range of clinically proven and registered medicinal cannabis products to be sold across Australasia and beyond under the Company's GFI Pharma and/or trademarked Theonol brands. Such sales would need to comply with the relevant regulatory medicinal cannabis laws.

## Business relationships

The Company has established a number of commercial arrangements, mostly informal or for short terms ranging up to three years. Apart from its relationship with the Riddit Institute

of the Massey University, the Company has arrangements in place to sell hemp products to a craft beer producing company, two plant-based food and consumer products companies, and a pharmacy retailer. The Company also sells its MaTo range of body care products to a number of retailers.

In anticipation of being licensed to sell medicinal cannabis products, the Company has also entered into agreements with three major overseas suppliers of medicinal cannabis products, which give the Company the exclusive right to resell medicinal cannabis product for those companies in New Zealand, when the Company is licensed to do so and once the products have been approved by Medsafe. The Company has recently entered into an agreement with an Australian company, Cannvalate Pty Limited, under which that company, under a white label arrangement, is to arrange for the manufacture and distribution of medicinal products under the Greenfern label, to pharmacies in Australia, as part of its own product range. Such sales would need to comply with the Australian medicinal cannabis regime. These arrangements are ultimately intended to supplement sales by the Company of its own medicinal cannabis products, presently still under development.

The Company also has short-term arrangements with land owners at Taranaki in the North Island and at Lake Hāwea in the South Island, that allow the Company to grow hemp on their land. The Company also has an option to use a site on the West Coast of the South Island for growing on a short-term basis.

The Company also intends to construct phase two and (depending on demand for New Zealand sourced products) phase three of its medical cannabis facility (see page 5 for further details).

Investors should read the "Material contracts" section starting on page 39 for further information about the Company's business relationships.

## Products

### Current products

Greenfern presently has one range of its own products, being its MaTo product line which is a line of hemp-based body care products that Greenfern sells in New Zealand.

The Company also sells at wholesale, hemp seed, hemp seed oil, and hemp cake to a number of producers of fast-moving consumer goods, including a craft beer producer and a company that produces a hemp-based substitute for meat products.

Greenfern's revenues from the sale of products in FY 2021 was \$17,149.

### Future products

Looking forward, the Company is aiming to increase the scale of its hemp-based operations by becoming a hub for hemp growers in the Taranaki and South Island regions who would sell their hemp to Greenfern for processing and onsale to industrial buyers.

The Company has also entered into a Collaborative Research Agreement with Hemp Connect Limited, the BPA Alliance and Callaghan Innovation (see page 41) to develop hemp seed by-products into more value-added products. Greenfern's objective in undertaking this research is to increase its range of hemp-based products and the revenues it earns from them.

The Company is also looking to build on its MaTo product line by creating higher value products in the fast-moving consumer goods space.

Subject to obtaining the requisite approvals and licences, the Company aims to be a leading New Zealand distributor of medicinal cannabis products, and, subject to developing its own range of clinically proven and registered medicinal cannabis products, a leading New Zealand producer of such products.

## The Hydropower Station

Greenfern has its own power station, adjacent to its primary cultivation site at Normanby in Taranaki (**Hydropower Station**). The Company recently received approval from the Taranaki Regional Council (TRC) to start generating power from the Hydropower Station again, after undertaking significant works toward remedying various breaches of resource consent conditions. These breaches are the subject of Enforcement Orders from the Environment Court. While further work needs to be done to fully comply with the Enforcement Orders, including in particular the upgrading of fish passage, Greenfern expects to be fully compliant with its resource consents within the mid-term.

The Enforcement Orders are therefore still standing. However, Greenfern has undertaken an amount of work that

has satisfied the TRC to allow the Company to generate power within the resource consent conditions. Outstanding work to have the Orders removed includes the upgrade/ replacement of a fish bypass of the weir structure as well as abiding by all current resource consents. TRC understands this is a cost to the business and so long as the Company is making progress in this area satisfactory to TRC is prepared to allow generation which enables funding of design and build of the fish bypass. Greenfern is not aware of any liabilities relating to the Orders except for the cost of upgrading the fish bypass as part of compliance with the Orders.

Currently operational, Greenfern utilises the Hydropower Station to provide it with clean, renewable energy to power its facility, with excess power generated being sold to Pulse Energy at spot electricity market prices. Greenfern considers this to be a point of competitive advantage.

The Hydropower Station has been generating at approximately 60% of capacity per month due to the Company still undertaking upgrade and maintenance works. The Hydropower Station is currently generating \$10,000 to \$13,000 per month net revenue. The Company forecasts this to increase to about \$15,000 to \$20,000 per month over an 8 month to a year window once fully operational. There is potential to upgrade to 4 times the current output generation capacity in the future.

Greenfern acquired the Hydropower Station from a related party in December 2020. The all up cost was \$754,297 (with \$50,000 of the purchase price being required to be reinvested by the vendor as shares in Greenfern), negotiated on an arms-length commercial basis. The purchase price was based on valuation advice Greenfern's board received from a hydropower station specialist firm.



## Timeline to Date

Key achievements and events relating to the Company to date are:

| YEAR | MONTH     | ACHIEVEMENT/EVENT  |
|------|-----------|--|
| 2018 | APRIL     | Greenfern incorporated   |
| 2018 | AUGUST    | Services Agreement with Timothy and Rachel Irvin signed (see page 39)  |
| 2019 | APRIL     | NZ\$1,963,204.46 gross (\$1,733,926 net) raised with Collinson Crowdfunding  |
| 2019 | JUNE      | Greenfern and Double Vision Brewing first hemp beer trial  |
| 2019 | AUGUST    | Medical Cannabis Research Cultivation Licence issued (now superseded by the new medicinal cannabis scheme licensing) |
| 2019 | AUGUST    | Research and Consultancy Agreement with Massey University commences (see page 39)                                    |
| 2019 | AUGUST    | Services Agreement with Dr. Bhaskar Mitra commences (see page 39)  |
| 2019 | SEPTEMBER | Option Deed with the Riverside Trust signed (see page 39)  |
| 2019 | DECEMBER  | Resource and Iwi consents granted for Phase 1 of Greenfern's medical cannabis research facility                      |
| 2020 | JANUARY   | MOU with Disruption Labs Inc. signed (see page 39)   |
| 2020 | FEBRUARY  | Mandate to Investment Research Group Limited for investment banking services signed (see page 39)                    |
| 2020 | MARCH     | Supply Agreement with Brains Bioceutical Corporation signed (see page 39)  |
| 2020 | APRIL     | Distribution Agreement with Pharmacy Retailing (NZ) Limited, trading as Healthcare Logistics, signed (see page 40)   |

|             |                  |   |
|-------------|------------------|---|
| <b>2020</b> | <b>MAY</b>       | Master Reseller Agreement with Kelsie Biotech Inc. signed (see page 40)   |
| <b>2020</b> | <b>MAY</b>       | Heads of Agreement with Sustainable Foods Limited (SFL) signed relating to Greenfern supplying SFL with hemp seed, cake and oil products (see page 40)  |
| <b>2020</b> | <b>JUNE</b>      | Heads of Agreement with SFL and Massey University signed relating to the development of food products and ingredients from hemp (see page 40)   |
| <b>2020</b> | <b>JULY</b>      | MaTo hemp body care range goes live<br><a href="http://www.mato.co.nz">http://www.mato.co.nz</a>  |
| <b>2020</b> | <b>AUGUST</b>    | Memorandum of Understanding with Hemp Connect Limited signed (see page 40)  |
| <b>2020</b> | <b>SEPTEMBER</b> | Three industrial hemp licences issued for various activities for Normanby, Taranaki location and neighbouring land parcels  |
| <b>2020</b> | <b>OCTOBER</b>   | Recreational cannabis referendum  |
| <b>2020</b> | <b>OCTOBER</b>   | Services Agreement with the Riverside Trust signed (see page 41)  |
| <b>2020</b> | <b>OCTOBER</b>   | Services Agreement with Philip Brown signed (see page 41)   |
| <b>2020</b> | <b>NOVEMBER</b>  | Unsigned Services Agreement entered into with Paeroa Contracting Limited (see page 41)  |
| <b>2020</b> | <b>NOVEMBER</b>  | Heads of Agreement with Double Vision Brewing Limited signed (see page 41)  |
| <b>2020</b> | <b>NOVEMBER</b>  | Callaghan Innovation accepts application for funding grant for a project to investigate the use of high-grade 20+plus UMF mānuka honey in a formulation intended to include CBD and provide therapeutic benefits to consumers (see page 41) |

|             |                 |   |
|-------------|-----------------|---|
| <b>2020</b> | <b>NOVEMBER</b> | Collaborative Research Agreement with Hemp Connect Limited signed to develop hemp seed by-products into more value-added products. Funding to be provided by the Bioresource Processing Alliance. Work to be undertaken by Callaghan Innovation (see page 41) |
| <b>2020</b> | <b>NOVEMBER</b> | Joint Ownership and Management Agreement with Hemp Connect Limited signed (see page 42)   |
| <b>2020</b> | <b>NOVEMBER</b> | Normanby Phase 1 medical cannabis research facility completed   |
| <b>2020</b> | <b>NOVEMBER</b> | NZ\$2,883,000 gross (\$2,673,334 net) raised with Equitise NZ Crowdfunding  |
| <b>2020</b> | <b>DECEMBER</b> | Normanby Hydropower Station acquisition completed   |
| <b>2020</b> | <b>DECEMBER</b> | Lake Hāwea hemp cultivation facility upgrade completed  |
| <b>2020</b> | <b>DECEMBER</b> | Normanby hemp seed processing hub commenced   |
| <b>2020</b> | <b>DECEMBER</b> | Medicinal Cannabis Licences for Cultivation and Supply Activities issued to Greenfern   |
| <b>2020</b> | <b>DECEMBER</b> | Employment Agreement with Daniel Casey signed (see page 42)   |
| <b>2020</b> | <b>DECEMBER</b> | Second Services Agreement with Investment Research Group Limited signed (see page 43)   |

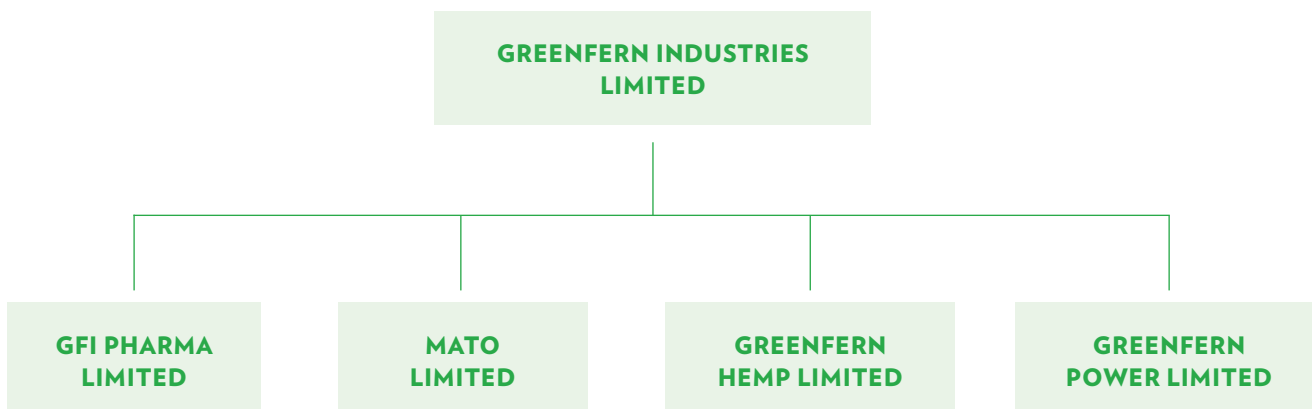




|             |                      |  |
|-------------|----------------------|--|
| <b>2021</b> | <b>JANUARY</b>       | Services Agreement with John Hussey commences (see page 43)  |
| <b>2021</b> | <b>JANUARY</b>       | Sustainable Foods Limited undertakes commercial manufacturing trial of hemp meat substitute  |
| <b>2021</b> | <b>FEBRUARY</b>      | Sustainable Foods Limited commences commercialisation of hemp meat substitute  |
| <b>2021</b> | <b>FEBRUARY</b>      | Greenfern engages with MCRC (an Australian based specialist medicinal cannabis clinical research organisation operating as a joint venture between Cannvalate Pty Limited and the Swinburne University in Melbourne) with a view to that organisation developing a range of medicinal cannabis products for Greenfern to distribute under its GFI Pharma and/or trademarked Theonol brands |
| <b>2021</b> | <b>MARCH</b>         | Greenfern's first hemp harvest in Taranaki   |
| <b>2021</b> | <b>MAY</b>           | Greenfern is the first New Zealand cannabis company to be certified a Toitū carbonzero organisation  |
| <b>2021</b> | <b>MAY</b>           | Agreement to Commercialise Intellectual Property with Sustainable Foods Limited and Massey University signed (see page 43)   |
| <b>2021</b> | <b>JUNE</b>          | Callaghan Institute commences work to develop hemp seed by-products into more value-added products.  |
| <b>2021</b> | <b>JULY</b>          | Greenfern signs Employment Agreements with Dan Casey and John Hussey (see page 43)   |
| <b>2021</b> | <b>APRIL-OCTOBER</b> | Brent King, Philip Brown, Darryl Davies, Simon McArley, Kirsten Taylor and Marvin Yee appointed to the Board of Greenfern  |
| <b>2021</b> | <b>SEPTEMBER</b>     | Greenfern signs Master Services Agreement with Cannvalate Pty Limited (see page 43)  |

## Future structure

Greenfern intends that going forward it will operate through a group structure as follows:



Greenfern has also incorporated an Australian subsidiary called GFI Pharma Pty Limited.

Greenfern Industries Limited would be the holding company for the group. GFI Pharma Limited would be responsible for New Zealand medicinal cannabis products operations. MaTo Limited would be responsible for hemp-based body care products. Greenfern Hemp Limited would be responsible for hemp-based food and other fast-moving consumer goods, as well as hemp oil and seed for industrial use. Greenfern Power Limited would own and operate the Hydropower Station. GFI Pharma Pty Limited would be responsible for Australian medicinal cannabis products operations.



## Key Partners

Greenfern's key commercial partners are summarised below:

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|  |   |
|--|---|
| <b>MASSEY UNIVERSITY</b>                 | Massey University, through its Riddet Institute, is a world class research centre in food and related sciences, providing fundamental scientific understanding and training   |
| <b>CALLAGHAN INNOVATION</b>              | Callaghan Innovation is New Zealand's innovation agency. It partners with ambitious businesses of all sizes, providing a range of innovation and research and development services  |
| <b>SUSTAINABLE FOODS LIMITED</b>         | Sustainable Foods Limited, operating under the name "plan*t" (formerly "The Craft Meat Co" brand), is an alternative protein firm selling a range of plant-based meat substitute products, including mince, burgers, sausages and ready meals         |
| <b>HEMP CONNECT LIMITED</b>              | Hemp Connect Limited are leading New Zealand suppliers of hemp-based food   |
| <b>DOUBLE VISION BREWING LIMITED</b>     | Double Vision Brewing Limited is a New Zealand craft beer brewery and taproom   |
| <b>DISRUPTION LABS INC.</b>              | Disruption Labs Inc. , though wholly owned subsidiaries, provides "hemp testing & analytics as-a-service" and manufactures and sells a liquid nano-liposome cannabinoid product "Balance" in the United States under the brand "Reset Bioscience LLC" |
| <b>BRAINS BIOCEUTICAL CORPORATION</b>    | Brains Bioceutical Corporation is a Canadian based company involved in the business of supplying, manufacturing, distributing, wholesaling and/or selling cannabidiol   |
| <b>KELSIE BIOTECH INC.</b>               | Kelsie Biotech Inc. is a United States based producer and distributor of cannabis-based consumables   |
| <b>PHARMACY RETAILING (NZ) LIMITED</b>   | Pharmacy Retailing (NZ) Limited, trading as Healthcare Logistics, is a New Zealand healthcare distributor operating in the healthcare market  |
| <b>INVESTMENT RESEARCH GROUP LIMITED</b> | Investment Research Group Limited is an investment bank providing a range of investment banking services  |
| <b>CANNVALATE PTY LIMITED</b>            | Cannvalate Pty Limited is a substantial provider of medicinal cannabis products in Australia  |

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## Supply chain

The supply chain for the majority of Greenfern's products is:

|                    |                   |                   |                    |                     |
|--------------------|-------------------|-------------------|--------------------|---------------------|
| <b>CULTIVATION</b> | <b>EXTRACTION</b> | <b>PROCESSING</b> | <b>MANUFACTURE</b> | <b>DISTRIBUTION</b> |
|--------------------|-------------------|-------------------|--------------------|---------------------|

## Sustainability

One of Greenfern's founding principles is sustainability. The Company believes in caring for the environment and giving back to the communities in which it operates. Greenfern has identified the following areas where it can potentially make the biggest positive difference and mapped them against the United Nations Sustainable Development Goals. This provides the Company with the basis for prioritising actions to assist it toward achieving its sustainability goals.

| <b>WATER</b>  | <b>LAND</b>  | <b>SOCIETY</b>   | <b>CLIMATE CHANGE</b>  |
|---|--|--|--|
| Water is a precious resource. Greenfern's systems and processes are carefully designed with a view to ensuring that water usage remains low and minimising negative environmental impacts | Greenfern endeavours to make full use of everything it grows, leaving as little as possible to go to waste   | Greenfern wants to make a positive contribution to peoples' well-being and livelihoods   | Greenfern believes that the transition to a low emissions economy presents a powerful opportunity, and the Company is keen to do its part in meeting New Zealand's net zero carbon goals   |
| Greenfern's hemp crops are not irrigated, nor are any herbicides, pesticides or artificial fertilisers applied  | Greenfern's regenerative hemp farming practices provide not only innovative business opportunities, but also have a positive impact on soil health, erosion and biodiversity           | Greenfern has a major focus on maintaining a high standard of quality and safety across its products. The Company's products must comply with the GMP global standard. Greenfern's blockchain technology provides added supply chain traceability and transparency | Greenfern's Hydropower Station helps to keep carbon emissions low. Hemp is also highly efficient at sequestering carbon dioxide from the atmosphere. The Company has recently become the first medicinal cannabis organisation to be certified a Toitū carbonzero organisation |
| Greenfern intends to use a highly efficient aeroponic growing system, keeping water use low and nutrient input to a minimum   | Greenfern is committed to reducing unnecessary packaging and plastic waste whenever possible. This is why the Company's MaTo brand uses environmentally friendly paper-based packaging | Greenfern also has a key focus on regional development. The Company supports local communities through educating local people in sustainable farming practices, providing employment opportunities and paying all of its employees a living wage                   |  |

## Industry Overview

Investors should refer back to Hemp and Medicinal Cannabis (see page 10) before reading what follows.

Prior to the introduction of the medicinal cannabis regime on 1 April 2020, cannabis could only be cultivated in New Zealand:

- if it was hemp cultivated under a licence issued under the Misuse of Drugs (Industrial Hemp) Regulations 2006;
- if it was cultivated under a licence to cultivate cannabis for medicinal and scientific research and development purposes.

Therefore, outside of licenced hemp production, there was no legal cannabis industry beyond medical and scientific research and development purposes. This changed with the introduction of the medicinal cannabis regime in 2020. This still relatively new regime enables the commercial cultivation of cannabis for medicinal use, the production of starting material, the manufacture and supply of cannabis-based ingredients and medicinal cannabis products, and the supply of those products.

A referendum on the recreational use of cannabis was narrowly defeated in 2020. Greenfern sees the referendum result as disappointing, as it may reinforce stigmas about the use of medicinal cannabis products, but also sees the industry having a bright future as prescribers become more used to medicinal cannabis products and further medicinal cannabis products become available. The Company believes the negative connotations around cannabis are slowly subsiding as more clinical data becomes available and more higher-grade products with better therapeutic effects are produced.

Greenfern also believes a decision of The United Nations Commission on Narcotic Drugs (CND) made in December 2020 is significant. That decision (27 votes in favour, 25 against and one abstention) was to remove cannabis from Schedule IV of the 1961 Single Convention on Narcotic Drugs. That schedule is a schedule of drugs recognised as having little or no therapeutic purpose. The Company considers that the CND decision may lead to more scientific research on the medicinal properties of cannabis.

## Hemp

A special licensing regime for hemp was created back in 2006 because of its low THC content.

Hemp sales presently make up the bulk of Greenfern's still small cannabis-based revenues. Greenfern grows its own hemp outside on land it leases/licenses under short term arrangements. This land presently comprises approximately

12 hectares at its primary cultivation site at Normanby Road in Taranaki, as well as approximately 10 hectares at a site at Lake Hāwea in Central Otago, and an option to use approximately 1 hectare at a site on the West Coast of the South Island. Greenfern also intends to be a hub processor for hemp grown for or supplied to it by local farmers in the Taranaki region.

Industrial hemp is cultivated mainly for its fibre or seed. Hemp fibre is used in the manufacture of ropes, textiles, paper and plastics. Hemp seed oil is used in food cosmetics and other body care products. Hemp derivatives are also used as a replacement for petrochemical products or as a renewable energy source.

Bare hemp stalks and processed hemp products are exempt from prohibitions in the Misuse of Drugs Act 1975 and the licensing requirements of the Misuse of Drugs (Industrial Hemp) Regulations 2006.

Greenfern presently sells its processed hemp seed product to Sustainable Foods Limited.

Greenfern presently does not import or export industrial hemp, or any other cannabis-based products.

Licence holders are required to keep hemp secure, maintain records, report on licensed activities to the Director General of Health, and alert the police and the Director General of Health of unauthorised activities. Licensees may also be required to have their crops tested for THC levels. If a test shows that a crop exceeds permitted THC levels, an order can be made to destroy the crop.

While a special licensing regime was created for hemp, it is nevertheless still a controlled drug. It is an offence to advertise hemp for psychoactive purposes or to supply it to unauthorised persons.

## Medicinal Cannabis

The introduction of the medicinal cannabis scheme allows licences to be obtained for the **commercial** cultivation of cannabis for **medicinal use**.

At this early stage, it is difficult to predict how the industry will develop. The New Zealand Treasury's "Regulatory Impact Assessment: The Medicinal Cannabis Scheme", dated 10 December 2019, contains the following statement (on page 2): New Zealand cultivators, manufacturers and suppliers will have the opportunity to enter a medicinal cannabis industry. The Ministry of Business, Innovation and Employment have provided advice that the Scheme would enable a potential domestic market of up to \$70 million and export market size of up to \$250 million (these numbers are estimated for a ten-year time horizon-see page 30 of the Regulatory Impact Assessment).

Medicinal cannabis products are not only prescription medicines under the Medicines Act 1981; they are also governed by the medicinal cannabis scheme. The scheme sets out minimum quality standards that all medicinal cannabis products must meet. Such products must be manufactured under Good Manufacturing Practice. This is not the case for all medicines.

Almost all medicinal cannabis products are unapproved medicines for the purposes of the Medicines Act 1981, but nevertheless prescribable, subject to certain requirements. Medicinal cannabis products, that are not CBDs, are also controlled drugs under the Misuse of Drugs Act 1975, and so additional requirements for prescribing controlled drugs apply. If a medicinal cannabis product has been approved under the Medicines Act 1981 it will not be required to meet the medicinal cannabis quality standards since it will already have been required to meet Good Manufacturing Practice.

## Applications

Medicinal cannabis products have been used in the treatment of a variety of conditions: epilepsy, chronic/acute pain, stress and anxiety, multiple sclerosis spasticity, insomnia, depression, cachexia (wasting syndrome), chemotherapy induced nausea and Tourette's syndrome.

## Overseas use

It is currently legal to consume medicinal cannabis in over 40 countries and 33 states of the USA. The USA and Canada are currently the biggest producers and consumers of medicinal cannabis.

## Target markets

Greenfern has targeted Australia as an export market and in the medium term also intends to target other overseas markets.

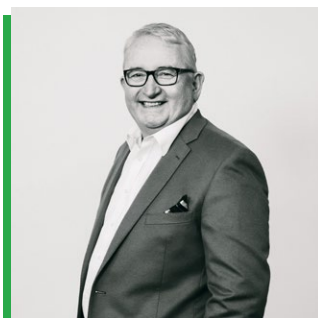


## Directors, Senior Managers and Individual Relevant Parties

### BOARD OF DIRECTORS

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#### **BRENT KING, NON-EXECUTIVE CHAIRMAN**



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.

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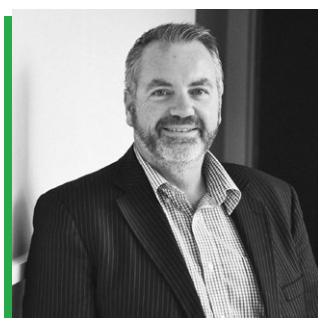
#### **DANIEL CASEY, EXECUTIVE DIRECTOR AND CO-FOUNDER**



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.

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#### **PHILIP BROWN, NON-EXECUTIVE DIRECTOR**



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

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### **DARRYL DAVIES, NON-EXECUTIVE DIRECTOR**



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.

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### **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 SFO, 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.

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### **KIRSTEN TAYLOR, INDEPENDENT DIRECTOR**



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

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### **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.



All of the non-executive directors have accepted letters of appointment in relation to their directorships in Greenfern.

The directors of Greenfern's subsidiary companies are as follows. Daniel Casey (see the table above) is the sole director of the following subsidiaries: GFI Pharma Limited, Mato Limited and Greenfern Hemp Limited. Daniel Casey and John Hussey (see the table below) are the directors of Greenfern Power Limited. Daniel Casey and Dr Prakash Appanna (see the next paragraph) are the directors of GFI Pharma Pty Limited.

Dr Prakash Appanna MBChB, FRNZCGP, FRACGP graduated with a Bachelor of Medicine from the University of Kwa-Zulu Natal in South Africa prior to obtaining specialist general practice qualifications in both New Zealand and Australia. Prakash has successfully operated medical clinics in both New Zealand and Australia. He has also successfully launched medical products and medicines into both New Zealand and Australia. As a medical doctor and entrepreneur, Prakash enjoys sharing his knowledge and mentoring others.

## SENIOR MANAGERS

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### HAO LONG - CHIEF FINANCIAL OFFICER

Mr Hao Long moved to New Zealand in 2002. He has a Bachelor of Business Studies Degree (BBS) with a double major in accountancy and marketing from Massey University and a Master of Business Administration degree (MBA) from the University of Auckland. He is also a Chartered Accountant (CA), a member of Chartered Accountants Australia and New Zealand, and a Chartered Member of the Institute of Directors (CMIInstD). Mr Long has over 15 years of professional accounting experience, including working for a Big 4 accounting firm plus governance and management experience in both private and public listed companies in New Zealand.



### JOHN HUSSEY - HEAD OF GROWTH AND CO-FOUNDER

John has played a key role in securing Greenfern's main commercial relationships and has an in-depth knowledge of the New Zealand legal cannabis regime as it relates to Greenfern's business. John has also been instrumental in the multiple business line strategy Greenfern has and in building the foundations of each of those business lines.



### TIMOTHY (TJ) IRVIN - GROW MANAGER

As a hemp farmer, entrepreneur and business owner of The Slammer Tool, TJ has a wealth of knowledge and contacts within the medicinal cannabis industry, both in the United States and in New Zealand. TJ has been a holder of numerous industrial growing licences and is an advocate, keen educator and mentor within the hemp industry in New Zealand.



### ANDREW BOOT - RESEARCH MANAGER

Andrew graduated from Massey University with a Bachelor's Degree in horticulture specialising in greenhouse horticulture. Andrew brings world class agricultural expertise to the team. In his role as Research Manager, he performs trials and optimises Greenfern's new state of the art indoor grow facility (phase one) alongside managing the hemp processing and hemp research being undertaken in Taranaki. Andrew also shares Greenfern's passion for sustainability and reducing its environmental impact. This passion of his is visible in his design of the new indoor grow facility (phase one) which utilises an aeroponic production system to reduce power, water and nutrient consumption relative to other hydroponic systems, all of which further increase the sustainability of Greenfern's operations.

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## ANDREW JEFFERY - STRATEGIC ADVISER



Andrew is an international cannabis and hemp industry investor and strategic adviser with a focus on the medicinal and pharmaceutical markets. He comes to the industry with a plethora of experiences and skills that are optimised by the integration of his vast network and knowledge—once a Military Commander (Scots Guards), an Investment Manager (Merrill Lynch), and a philosopher (he spent several years living and studying with Tibetan monks). Andrew is a cancer survivor and views the disruption happening in global healthcare as part of a 20/30-year secular trend that will issue forth a new paradigm in medicine manufacturing protocols and product development. Andrew has been responsible for identifying strategic partners which positions Greenfern well as it prepares to make best-in-class products available to the New Zealand public.

## Substantial shareholders and relevant interests held by directors and senior managers.

As at the date of this Profile, Greenfern has 84,300,384 shares on issue.

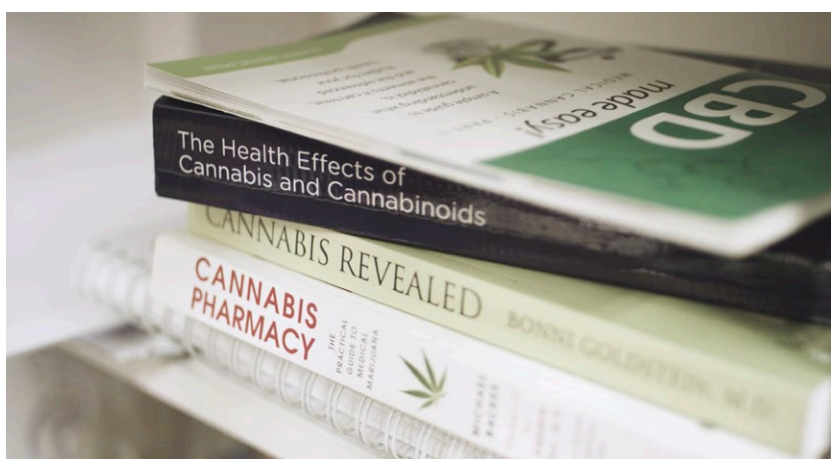
As at the date of this Profile, the following shareholders have a relevant interest in 5% or more of the shares in Greenfern.

| SHAREHOLDER       | NATURE OF RELEVANT INTEREST  | NUMBER OF SHARES | % OF SHARES |
|-------------------|--|------------------|-------------|
| John Hussey       | Registered holder and beneficial owner   | 12,487,744       | 14.81%      |
| Daniel Casey      | Registered holder and beneficial owner   | 8,798,392        | 10.44%      |
| Timothy Johnson   | Registered holder and beneficial owner (7,013,816 shares) and controller of Renewable Power Limited (1,491,888 shares) | 8,505,704        | 10.09%      |
| Brendon Partridge | Registered holder and beneficial owner   | 5,293,192        | 6.28%       |
| Daniel Leyden     | Registered holder and beneficial owner   | 5,278,760        | 6.26%       |

The table below sets out the shares in Greenfern that the directors and senior managers of Greenfern have a relevant interest in as at the date of this Profile.

| DIRECTOR OR SENIOR MANAGER | NATURE OF RELEVANT INTEREST  | NUMBER OF SHARES | % OF SHARES |
|----------------------------|--|------------------|-------------|
| Brent King                 | Registered holder and beneficial owner   | 32,000           | 0.038%      |
| Brent King                 | Sole director of CBC Greenfern Limited (and its sole shareholder Cannabis Bioscience Corporation Limited) which is the registered holder and beneficial owner of 2,704,000 shares in Greenfern | 2,704,000        | 3.21%       |

| DIRECTOR OR SENIOR MANAGER | NATURE OF RELEVANT INTEREST   | NUMBER OF SHARES | % OF SHARES |
|----------------------------|---|------------------|-------------|
| Brent King                 | Sole director of Investment Research Group Limited which is the registered holder and beneficial owner of 880,736 shares in Greenfern   | 880,736          | 1.04%       |
| Daniel Casey               | Registered holder and beneficial owner  | 8,798,392        | 10.44%      |
| Philip Brown               | Registered holder and beneficial owner (1,000,000 shares) and controller of Strategic Assets (NZ) Limited (1,300,000 shares) and Prime Assets (NZ) Limited (1,300,000 shares) | 3,600,000        | 4.27%       |
| Darryl Davies              | -   | -                | -           |
| Simon McArley              | -   | -                | -           |
| Kirsten Taylor             | Registered holder and beneficial owner  | 280,000          | 0.33%       |
| Marvin Yee                 | The principal of Crown Financial Services which has the power to acquire and dispose of 1,865,600 shares in Greenfern   | 1,865,600        | 2.21%       |
| John Hussey                | Registered holder and beneficial owner  | 12,487,744       | 14.81%      |
| Tim Irvin                  | Registered holder and beneficial owner  | 906,344          | 1.08%       |
| Andrew Boot                | Registered holder and beneficial owner  | 72,000           | 0.09%       |
| Andrew Jeffery             | Controller of 1J Capital Ltd  | 920,000          | 1.09%       |



Dan Casey (a Director), John Hussey (one of the Senior Management) and CBC Greenfern Limited (whose sole director, Brent King, is a Director) have entered into escrow arrangements in respect of shares held by them, as further described in Section 3.4 (Escrow Restrictions).

## Other equity securities of Greenfern

Just prior to Listing, Greenfern changed its capital structure. At the time of the change, Greenfern's share capital comprised 3 classes of shares: (a) founder shares, being voting shares with special director appointment rights; (b) investor shares, being shares with no voting rights; and (c) ordinary voting shares, being shares with voting rights, but no special director appointment rights. Under the change, Greenfern's capital structure was simplified by converting the founder shares and the investor shares to ordinary voting shares on a one for one basis. As a result of the change, the Company now has a single class of ordinary voting shares.

Under the Constitution, any other class of equity securities of Greenfern that ranks equally with, or in priority to, the existing ordinary voting shares may be issued without a special resolution of the holders of the shares. However, the issue of new equity securities in Greenfern will be governed by the Listing Rules, which requires the approval by ordinary resolution of the holders of the shares to the issue of new equity securities, except in certain circumstances set out in the Listing Rules.

## Directors' remuneration and other benefits

The table below sets out the total remuneration and value of other benefits received by each director during FY 2021 and expected to be received in FY 2022, as well as the nature of the services to which that remuneration or those other benefits relates (other than services provided in a person's capacity as director).

| DIRECTOR       | REMUNERATION AND VALUE OF OTHER BENEFITS RECEIVED IN FY 2021 |                | TOTAL    | EXPECTED REMUNERATION AND VALUE OF OTHER BENEFITS RECEIVED IN FY 2022 |   | TOTAL      |
|----------------|--|----------------|----------|---|---|------------|
|                | REMUNERATION   | COMMITTEE WORK |          | REMUNERATION  | COMMITTEE WORK  |            |
| Brent King     | -  | -              | -        | \$30,000  | \$15,000<br>(for role as Chair of the Board)          | \$45,000   |
| Daniel Casey   | \$70,000 *   | -              | \$70,000 | \$185,000 **  | -   | \$185,000  |
| Daniel Leyden  | \$22,000 *   | -              | \$22,000 | \$9,960.60 *  | -   | \$9,960.60 |
| Philip Brown   | -  | -              | -        | \$30,000  | -   | \$30,000   |
| Darryl Davies  | -  | -              | -        | \$30,000  | -   | \$30,000   |
| Simon McArley  | -  | -              | -        | \$30,000  | \$7,500<br>(for role as Chair of the audit committee) | \$37,500   |
| Kirsten Taylor | -  | -              | -        | \$30,000  | -   | \$30,000   |
| Marvin Yee     | -  | -              | -        | \$30,000  | -   | \$30,000   |

\*For employee services

\*\*Includes \$155,000 for employee services

Prakash Appanna, who together with Daniel Casey comprise the Board of Greenfern's Australian subsidiary, GFI Pharma Pty Limited, is also entitled to remuneration of \$30,000 per annum for his role as a director of that subsidiary.

During FY 2021, the only Directors of the Company were Daniel Casey and Daniel Leyden. No Directors' fees were paid for FY 2021.

Brent King, Philip Brown, Darryl Davies, Simon McArley, Kirsten Taylor and Marvin Yee were all appointed after the commencement of FY 2022. Their stated remuneration (see the above table) is an annual remuneration and they are to be paid a pro rata portion of their stated remuneration for FY 2022.

Daniel Casey signed an Employment Agreement with Greenfern on 7 July 2021. The Employment Agreement is to supersede Dan's existing employment arrangements with the Company as from Listing. Under the Employment Agreement Dan is to be employed by Greenfern as its Managing Director for 5 years as from Listing at a salary of \$155,000 per annum, fixed for three years. Greenfern has an ability to terminate the Employment Agreement

prior to the expiry date, subject to payment (in lieu of any further remuneration) of an amount equal to 2 years' salary if termination takes place within the first 3 years of the term, and if termination takes place after three years an amount equal to the remuneration, he would have received had his employment continued to the expiry date. These termination arrangements also apply on redundancy or in the event of a sale of Greenfern's business and Dan not being offered equivalent remuneration and other terms and conditions.

## Employee remuneration and other benefits

The table below shows the number of employees or former employees (including independent contractors or former independent contractors) of Greenfern who, not being directors, received remuneration and other benefits in their capacity as employees (or independent contractors) in respect of FY 2021 that in value was or exceeded \$100,000 per annum. Remuneration packages have been restructured in anticipation of the listing. Therefore, the table also provides the same projected information in respect of FY 2022.

| REMUNERATION AND OTHER BENEFITS | NUMBER OF EMPLOYEES/INDEPENDENT CONTRACORS (FY 2021) | NUMBER OF EMPLOYEES/INDEPENDENT CONTRACORS (FY 2022) |
|---------------------------------|--|--|
| \$180,000 to \$189,999          | -  | 1  |
| \$260,000 - \$269,999           | 1  | -  |

John Hussey signed an Employment Agreement with Greenfern on 7 July 2021. The Employment Agreement is to supersede John's existing contractor arrangements with the Company as from Listing. Under the Employment Agreement John is to be employed by Greenfern as its Head of Growth for 5 years as from Listing at a salary of \$155,000 per annum, fixed for three years. The termination provisions of John's Employment Agreement are the same as those in Dan Casey's Employment Agreement.

## Employee share plan

Greenfern is intending to introduce an employee share scheme to replace a personal incentive scheme which will be triggered and wound up as a result of the Company listing on the NZX Main Board.

The personal incentive scheme was called a Shadow Share Scheme. Participants included employees, contractors, and directors. They were granted entitlements, which in some

cases were subject to vesting provisions. The entitlements were called shadow shares and entitled the participant to receive a bonus if the Company had a liquidity event such as a sale of the Company or a listing. The bonus payment per vested shadow share is the price per Greenfern share in the liquidity event.

As a result of the personal incentive scheme being triggered and wound up the following people received 3,734,000 shares in Greenfern (valued at \$0.25 per share) as follows: John Hussey (1,814,800 shares), Andrew Jeffery (1J Capital Limited) (880,000 shares), Dan Casey (595,200 shares), Daniel Leyden (252,000 shares), Brendon Partridge (120,000 shares) and Andrew Boot (72,000 shares).

A pot share personal incentive scheme was also triggered and wound up as a result of the Company listing on the NZX Main Board. Under this scheme each of the following shareholders contributed 135,000 shares to a pot which, adjusted for the Company's 8 for 1 share split, became

1,080,000 shares each: John Hussey, Dan Casey, Daniel Leyden and Brendon Partridge. As a result of this personal incentive scheme being triggered and wound up the shares in this pot (post the 8 for 1 share split) were distributed to the following people in the following numbers: John Hussey (2,668,000 shares), Dan Casey (1,356,000 shares), Daniel Leyden (208,000 shares) and Brendon Partridge (88,000 shares).

The new employee share scheme would provide for the Company to offer selected current and future senior executives, directors, employees, and contractors, shares in the Company at market price. The scheme would also enable the Company to offer a loan to pay for the shares. Shares offered under the scheme in any 12-month period would not exceed 10% of the shares on issue at the commencement of the period.

The new employee share scheme would have the following objectives:

- To retain staff for the future
- To better align the interests of key staff with investors
- To enable the Company to attract staff by offering shares in the scheme as part of their remuneration package
- To enable the Company to satisfy some remuneration without a direct cash cost.

## Board appointments

As from Listing, in accordance with the Listing Rules and the Constitution, the Board will have the power to appoint additional directors (including an executive director) to the Board from time to time, provided that any director appointed by the Board must retire and seek reappointment at the next annual shareholders meeting.

## Board policies and protocols

As from Listing the Board will operate under the following policies, codes and protocols customary for a company listed on the NZX Main Board, all of which are available on Greenfern's website at <https://gfi.nz>:

- NZX Corporate Governance Code
- Continuous disclosure policy
- Financial product dealing policy
- Risk and compliance management framework and reporting procedure
- Board charter
- Director nomination and appointment procedure
- Director disclosure policy
- Diversity policy
- Director remuneration policy
- Director, board and committee performance assessment policy
- Financial reporting and non-financial disclosure policies
- Audit committee and auditor framework
- Health and safety policy
- Investor communications policy
- Code of ethics
- Takeovers' protocol



## Material contracts

### Services Agreement with Timothy and Rachel Irvin

Greenfern signed a Services Agreement with Mr and Mrs Irvin that commenced on 1 August 2018, and which is terminable by either party on 20 business days' notice. Under the Services Agreement the Irvins agreed to provide Greenfern with personal information about their son, Theo, including details of his epilepsy condition. In return, Greenfern agreed to pay the Irvins a one-off payment of \$5,000 and 5% of the net profit received by Greenfern resulting directly from the sales of products that bear the "Theo" name.

### Research and Consultancy Agreement with Massey University

On 29 July 2019 Greenfern executed a Research and Consultancy Agreement (Research Agreement) with Massey University (Massey) under which the parties co-funded a one-year project that commenced on 1 August 2019 for the development of food products and ingredients from hemp.

Under the Research Agreement Greenfern engaged Massey to provide research services that were designed to develop meat analogue products using hemp seed meal (meat analogue).

A meat analogue was developed and now Greenfern has entered into a Commercialisation Agreement with Massey and Sustainable Foods Limited, which is described below.

### Services Agreement with Dr. Bhaskar Mitra

In conjunction with signing its Research and Consultancy Agreement with Massey University, Greenfern also entered into a Services Agreement with Dr. Bhaskar Mitra, commencing on 1 August 2019, for him to project lead the project to be undertaken under the Research and Consultancy Agreement. This Service Agreement provides that on successful completion of this project Dr. Mitra is to receive 10% of the net profit received by Greenfern resulting directly from the intellectual property or products that are directly outputs of the project.

### Option Deed with the Riverside Trust

On 18 September 2019, Greenfern entered into an Option Deed with the Riverside Trust, which gives Greenfern separate options to lease and purchase an approximate 12-hectare block of land (Land) adjacent to Greenfern's premises at Normanby Road, Taranaki. However, the prices of exercising these options have not been agreed and therefore the parties still need to reach a final agreement before either option can be exercised. The Option Deed also grants Greenfern a right of first refusal to buy the Land but, again, the price of exercising this right also still needs to be agreed.

### MOU with Disruption Labs Inc.

On 21 January 2020 Greenfern executed a Memorandum of Understanding (MoU) with Disruption Labs Inc. (DL), a company based in Austin, Texas, USA. The MOU was for a period of one year but, as provided for in the MOU, has been extended for a further 12 months. While the MOU is nonbinding, the parties have committed to using their best endeavours to achieve its objectives.

The objectives of the MOU are that subject to legal restrictions and Greenfern obtaining the necessary product approvals and licences:

(a) DL grants Greenfern an exclusive right to import into, distribute and sell in New Zealand, Reset's product (see below) under a Greenfern private/white label (ie "GFI Pharma" and/or "Theonol" - "Powered by Sante Labs"), or, under the Reset Bioscience brand.

(b) The parties explore other exclusive and non-exclusive market opportunities for the import/export, distribution and sale of both Greenfern and DL/SL (see below)/Reset products and services which may include the establishment of a SL hemp testing and analytics facility in New Zealand.

(c) DL provides Greenfern with formulation and pricing information, and the parties share and permit the use by the other party of their data on terms to be agreed.

DL's wholly owned subsidiary, Reset Bioscience LLC (Reset) manufactures and sells a liquid nano-liposome cannabinoid product "Balance" in the United States under the brand, Reset Bioscience. Another of DL's wholly owned subsidiaries, Sante Labs LLC (SL) provides hemp testing and analytics as a service.

### Services Agreement with Investment Research Group Limited

With effect from 20 February 2020, Greenfern entered into a Services Agreement with Investment Research Group Limited (IRG) for a term of approximately 8 months. This Agreement provided for IRG to arrange for Brent King to provide Greenfern with a broad range of advisory services and strategic direction. The remuneration payable by Greenfern under this Agreement was \$80,000 comprising 40,000 Greenfern shares that were issued at \$2.00 per share.

### Supply Agreement with Brains Bioceutical Corporation

On 2 March 2020 Greenfern executed a supply agreement (Supply Agreement) with Brains Bioceutical Corporation (Brains) for a term of two years. Brains manufactures and supplies CBD that has been certified as an active pharmaceutical ingredient by the United Kingdom Medicines and Healthcare Products Regulatory Agency under European Union GMP practices.

Under the Supply Agreement, Greenfern is granted the exclusive right to sell and distribute Brains' "Pure CBD" product range in New Zealand (except for Brains API and Brains White Label products) (Products). Prices of Products are to be agreed between the parties. Greenfern has not placed any purchase orders under the Supply Agreement but intends to do so subject to first complying with product assessment and other GMP requirements of the Ministry of Health and obtaining the necessary supply licence, which it intends to apply for later this year, and import licences (for each purchase order).

### **Distribution Agreement with Pharmacy Retailing (NZ) Limited, trading as Healthcare Logistics**

On 1 April 2020 Greenfern signed a distribution agreement (Distribution Agreement) with Pharmacy Retailing (NZ) Limited, trading as Healthcare Logistics (Healthcare Logistics). The Distribution Agreement has an initial term of three years. Healthcare Logistics is a healthcare distribution provider.

Under the Distribution Agreement Greenfern appoints Healthcare Logistics its exclusive distributor to distribute to pharmaceutical wholesalers and hospitals (Markets) within New Zealand (Territory) a range of tinctures, bottled vape liquid and topicals (Products). Greenfern is permitted to add to or remove Products from the Distribution Agreement so long as for any Products it removes it also permanently withdraws them from commercialisation in the Markets within the Territory, or otherwise sells, transfers, or assigns its rights to do so under a bona fide transaction that is not with a related company.

Products are sold at prices determined by reference to the prices Greenfern must pay its suppliers. Greenfern has the ability to alter Product prices on 10 business days' notice. Healthcare Logistics is not permitted to sell Products at more than the Product price. Healthcare Logistics invoices Greenfern for a specified margin in respect of unsaleable and returned Products. Healthcare Logistics also invoices Greenfern for any customer discounts and any supplier approved discounts and rebates.

To date, the Company has only applied for product assessment to the Ministry of Health for Brains' products. No supplies have yet been made under the Distribution Agreement.

### **Master Reseller Agreement with KelSie Biotech Inc.**

On 4 May 2020 Greenfern executed a Master Reseller Agreement (Master Reseller Agreement) with KelSie Biotech Inc., registered in Delaware in the United States of America (KelSie) for a term of one year but automatically renewable at the end of each one-year term unless either party gives notice 60 days before the end of the term that it does not intend to renew. As no such notice was given in March 2021, the Master Reseller Agreement was automatically renewed until 3 May 2022, and will similarly renew in subsequent years unless terminated in the forgoing manner or by either party for material breach or insolvency related events.

Under the Master Reseller Agreement KelSie appoints Greenfern as a reseller of its 24-milligram hemp derived CBD tablets in 2 sizes (Product), and grants Greenfern the exclusive right to purchase Product for resale, as well as distribute the Product to customers located in New Zealand.

The Master Reseller Agreement is limited to resales directly to end users of the Product and does not authorise resale to other resellers.

Greenfern must also not use any Product or KelSie confidential information to market any product that is competitive to any of KelSie's product or service offerings.

As Greenfern has not yet applied for a supplier's licence for CBD products, the Company has not yet acquired any Product under the Master Reseller Agreement.

KelSie's prior written consent is required for any proposed transfer of a material amount of Greenfern's voting shares or to Greenfern entering into a merger, consolidation or sale of assets transaction.

### **Heads of Agreement with Sustainable Foods Limited**

On 21 May 2020 Greenfern executed a Heads of Agreement (HOA) with Sustainable Foods Limited (SFL) for Greenfern to sell hemp seed, cake, and oil products to SFL for use in hemp-based food and beverage products. This HOA has now been superseded by the Agreement to Commercialise Intellectual Property dated 25 May 2021 entered into with SFL and the Massey University (see page 43 below).

### **Heads of Agreement with Sustainable Foods Limited and Massey University**

On 30 June 2020 Greenfern executed a Heads of Agreement (HOA) with Sustainable Foods Limited (SFL) and Massey University providing for the parties to work together in relation to the development of food products and ingredients from hemp. This HOA has also now been superseded by the Agreement to Commercialise Intellectual Property dated 25 May 2021 entered into with SFL and the Massey University (see page 43 below).

### **Memorandum of Understanding with Hemp Connect Limited**

In August 2020 Greenfern entered into a non-binding Memorandum of Understanding (MOU) with Hemp Connect Limited (Hemp Connect), which is terminable by either party on not less than 28 days prior notice. Hemp Connect is a company with expertise in hemp seed cultivation, processing, manufacturing, and distribution of hemp-based products.





The MOU provided, among other things, for the parties to work towards a longstanding commercial relationship across all cannabis areas and opportunities utilising each other's strengths, and to investigate the feasibility of Hemp Connect acting as the exclusive raw hemp ingredient food processing partner for Greenfern.

#### **Services Agreement with the Riverside Trust**

With effect from 1 October 2020, Greenfern entered into a Services Agreement with the Riverside Trust for a term of 2 years. Under this Agreement the Riverside Trust agreed to provide Greenfern with the use of land adjacent to Greenfern's operation at Normanby, Taranaki for hemp cultivation and research trials as well as localised, specialised ongoing support and advice related to this land, the Riverside Trust's network and in general crop farming for South Taranaki. The Agreement also provides for the Riverside Trust to assist Greenfern in all aspects of hemp cultivation, harvesting, seed drying, transport, storage and preparation. Greenfern pays an annual fee for these services based on the number of hectares cultivated in hemp.

#### **Services Agreement with Philip Brown**

With effect from 30 October 2020 Greenfern entered into a Services Agreement with Philip Brown for a term of 2 years providing for Philip to provide, in exchange for 125,000 fully paid investor shares, a broad range of advisory services and strategic direction.

#### **Services Agreement with Paeroa Contracting Limited**

With effect from 1 November 2020, Greenfern entered into an unsigned Services Agreement with Paeroa Contracting Limited for a term of 2 years. Under this Agreement Paeroa Contracting Limited agreed to provide Greenfern with the use of land close to Greenfern's operation at Normanby, Taranaki for hemp cultivation and research trials as well as localised specialised ongoing support and advice related to this land, Paeroa Contracting Limited's network and in general crop farming for South Taranaki. The Agreement also provides for Paeroa Contracting Limited to assist Greenfern in all aspects of hemp cultivation, harvesting, seed drying, transport, storage and preparation. Greenfern pays an annual fee for these services based on the number of hectares cultivated in hemp.

#### **Heads of Agreement with Double Vision Brewing Limited**

On 9 November 2020 Greenfern executed a Heads of Agreement with Double Vision Brewing Limited (DVB), a craft beer brewing and taproom in Mirimar, Wellington (HOA).

The HOA is for an initial term of three years from 13 October 2020 and provides for the parties to work together exclusively to develop a hemp-based beer called Cannabeer (Product) for the New Zealand and global market.

DVB is to procure hemp seed cake exclusively from Greenfern and Greenfern is only to supply hemp seed cake for beer use to DVB, unless agreed by the parties.

Greenfern is to endeavour to supply hemp seed cake at market prices.

The HOA requires DVB to pay Greenfern a royalty for each litre of Product brewed.

The HOA also provides for the parties to work together for:

(a) Greenfern to market the Product through its social media channels, and to supply food grade cannabis or hemp extracts for future craft beer products (subject to Greenfern being licenced to do so).

(b) DVB to acknowledge Greenfern in marketing and on the packaging of the Product.

Copyright and intellectual property of each party related to the Product remains the property of that party.

Either party may terminate the agreement for breach by the other party (if not remedied within 30 working days) or if the other party becomes insolvent or has a receiver appointed.

#### **Callaghan Innovation**

On 9 November 2020 Callaghan accepted an application by Greenfern for a funding grant for a project to be undertaken between 2 November 2020 and 31 July 2021, but which is still ongoing.

The project is to investigate the use of high-grade 20+plus UMF mānuka honey in a formulation that is intended to include CBD and provide therapeutic benefits to consumers.

#### **Hemp Connect Limited/BPA Alliance/Callaghan Innovation**

On 16 November 2020 Greenfern entered into a Collaborative Research Agreement with Hemp Connect Limited to undertake a collaborative research project with funding subsequently provided by a group of bodies associated with the Ministry of Business, Innovation and Employment and known as the Bioresource Processing Alliance (BPA).

The Collaborative Research Agreement relates to developing hemp seed by-products into more value-added products. These comprise hemp heart or seed oil, defatted hemp heart or seed meal, hemp protein isolates, protein peptides, water-soluble protein fraction, hull extract with polyphenolic compounds and defatted hemp hull.

Work on this project has commenced and is being undertaken for Greenfern and Hemp Connect Limited by Callaghan Innovation. All work intellectual property rights (Work IPR) vest in Callaghan Innovation upon creation. Subject to Greenfern and Hemp Connect Limited complying with the terms of the work agreement, Callaghan Innovation agrees to assign the Work IPR to Greenfern and Hemp Connect Limited, except for improvements made by Callaghan Innovation to its existing intellectual property rights which Callaghan Innovation retains but grants a non-exclusive royalty free licence of to the extent necessary to enable Greenfern and Hemp Connect Limited to make use of the Work IPR. If at the end of three years from the date the work order agreement is signed Greenfern and Hemp Connect Limited have not utilised the Work IPR they must

reassign it to Callaghan Innovation, recognising that the BPA has invested in the development of the Work IPR to support public good outcomes.

### Joint Ownership and Management Agreement with Hemp Connect Limited

On 20 November 2020 Greenfern executed a Joint Ownership and Management Agreement (JOMA) with Hemp Connect Limited.

The JOMA relates to the protection and commercial exploitation of all intellectual property (IP) produced as part of the Collaborative Research Agreement and that is jointly owned by the parties (Joint IP). Under the JOMA the parties agree that the Joint IP shall be beneficially owned jointly by the parties as tenants in common in equal shares. The JOMA also records an intention, before the project is complete, to create a new company or other entity, to be owned and controlled by the parties in equal (50%) shares, and to assign the Joint IP to that entity.

The JOMA provides that, except as provided in the JOMA, each party shall be entitled to use and to exploit the Joint IP as it sees fit (including with third parties) and to grant non-exclusive licences (including the right to sublicense) to its rights in the Joint IP. However, any such use and exploitation is only possible with the prior written consent of the other party. Such consent is not to be unreasonably withheld, conditioned or delayed.

The JOMA permits a party to assign ownership of its share of any Joint IP to a third party (not being an Affiliate-see below) provided that it gives the other party not less than 30 days' prior notice in writing, and so long as the third party enters into an agreement with the other party substantially in the form of the JOMA.

The JOMA also permits a party to assign ownership of its share of any Joint IP to an Affiliate without the prior written agreement of the other party, so long as the Affiliate first enters into an agreement with the other party substantially in the form of the JOMA. An Affiliate is any person or entity that controls, is controlled by, or is under common control with the assigning party.

The JOMA also provides that notwithstanding the grant of any licence to either party's interest in any Joint IP, either party shall have a non-exclusive, irrevocable, perpetual, royalty free right to use that Joint IP for internal teaching and research.

Save as expressly provided in the JOMA, neither party may assign, mortgage, charge or otherwise transfer any or all of its rights and obligations under the JOMA without the prior written agreement of the other party.

Subject to the right of each party to terminate for material breach, the JOMA continues in respect of each item of Joint IP (not assigned to a third party in accordance with the JOMA) until the later of:

- (a) in the case of any registered IP right granted in respect of any Joint IP, the expiry of that registered right; or
- (b) 10 years from the date the JOMA is signed.

### Employment Agreement with Dan Casey

On 1 December 2020, Greenfern signed an Employment Agreement with Dan Casey for him to be the Managing Director of the Company at a remuneration of \$155,000 per annum. This Agreement has been superseded by a subsequent Employment Agreement (see below).



## Second Services Agreement with Investment Research Group Limited

On 21 December 2020 Greenfern entered into a second Services Agreement with Investment Research Group Limited (IRG) granting IRG an exclusive mandate until 30 September 2021 to undertake a listing process for Greenfern. The remuneration payable under this Agreement comprises: (a) an initiation fee of \$4,500 plus GST; (b) a monthly retainer of \$2,250 plus GST (maximum 9 months); (c) 6% of the amount received on funds raised by Greenfern during the period of the Agreement; (d) \$75,000 plus GST payable to IRG when a draft listing profile is lodged with NZX; (e) a success fee of \$100,000 (subsequently reduced to \$60,000) plus GST payable on listing; and (f) \$80,000 (subsequently increased to \$120,000) comprising 40,000 (subsequently increased to 60,000) Greenfern shares to be issued at \$2 per share, payable upon Greenfern being approved for listing (as a result of Greenfern having undertaking a 1 for 8 share split, this component of the remuneration now comprises 480,000 Greenfern shares that have been issued at \$0.25 per share).

## Services Agreement with John Hussey

With effect from 31 January 2021 Greenfern entered into a Services Agreement with John Hussey for a term of 1 year. Under this Agreement, John agreed to provide services to Greenfern across a range of critical project streams. As remuneration for these services, Greenfern agreed to pay John \$16,000 per month (including GST), plus a 4% bonus (excluding GST) of any amount received by Greenfern where the funds are from a certified wholesale or eligible investor, plus a \$30,000 bonus (excluding GST) upon Greenfern receiving a commercial growing licence from any new cannabis regime implemented by the Ministry of Health when that comes. This Agreement has been superseded by an Employment Agreement (see below).

## Agreement to Commercialise Intellectual Property with Sustainable Foods Limited and Massey University

On 25 May 2021 Greenfern executed an Agreement to Commercialise Intellectual Property (Commercialisation Agreement) with Sustainable Foods Limited (SFL) and the Massey University.

SFL produces and sells plant-based protein food products, and trades under the name “plan\*t” (formerly “The Craft Meat Co”). Massey University conducts scientific research into food. The Commercialisation Agreement supersedes prior Heads of Agreement between the same parties dated 21 May 2020 and 30 June 2020.

The Commercialisation Agreement provides for a joint venture between the parties (Joint Venture) to commercialise intellectual property rights in hemp-based meat analogue products (Products).

The Commercialisation Agreement continues until terminated by agreement between the parties, unless superseded by a subsequent agreement (see below) or terminated by any party for material breach that remains unremedied for 60 days.

SFL has the lead role in commercialising the Products, at its cost. This includes being granted a 3-year licence from the Joint Venture to develop, manufacture, market, use and sell the Products worldwide. No licence fee is payable, but SFL must pay a royalty to the Joint Venture which is a percentage of sales and is subject to a minimum payment provision (unless SFL grants a sublicense, in which case all sublicense income is paid to the Joint Venture). The Licence is terminable by the Joint Venture parties (not including SFL) on at least 90 days’ notice if SFL does not make a first sale of Product on or before 30 June 2021 (this has happened), or for default, and may be terminated by SFL on 90 days’ notice. Royalties and any other revenues received by the Joint Venture are shared equally between the Joint Venture parties (after deduction of agreed costs).

The Commercialisation Agreement can be varied by majority vote of the Joint Venture parties (2 out of 3). A variation includes a sale to a third party. In that event, SFL is given a first right of refusal (on no less favourable terms).

## Employment Agreements with Dan Casey and John Hussey

On 7 July 2021 Greenfern entered into Employment Agreements with Dan Casey and John Hussey as described on page 37.

## Master Services Agreement with Cannvalate Pty Limited

On 3 September 2021 Greenfern entered into a Master Services Agreement (Master Services Agreement) with Cannvalate Pty Limited (Cannvalate). Cannvalate entered into the Master Services Agreement as agent for Valens Australia Pty Limited (Valens). Cannvalate currently provides a substantial share of the medicinal cannabis products prescribed in Australia. Valens is an Australian subsidiary of the Toronto Stock Exchange listed The Valens Company Inc., a global leader in the development and manufacture of cannabinoid-based products. Darryl Davies, a director of Greenfern, is a co-founder, Chief Operating Officer and Managing Director of Cannvalate, and a director of Valens.

The Master Services Agreement is a white label arrangement under which Greenfern places orders with Cannvalate to arrange for the manufacture and distribution of medicinal cannabis products under the Greenfern label, to pharmacies in Australia, as part of its own product range. Cannvalate has a discretion whether to accept orders. Greenfern has placed a first order (which has been accepted) and paid fees of A\$195,000 and Cannvalate has agreed to pay Greenfern pre-sale fees close to A\$100,000. Under the Master Services Agreement, Greenfern pays Cannvalate fees relating to manufacture and storage (a percentage of sales), Cannvalate pays Greenfern fees based on sales, and the parties share a data fee charged for new patients.

### Most critical material contracts

While Greenfern considers all the above contracts to be important, it considers the most critical to its continued operation and development to be those listed below:

- MOU with Disruption Labs Inc.
- Supply Agreement with Brains Bioceutical Corporation
- Distribution Agreement with Pharmacy Retailing (NZ) Limited, trading as Healthcare Logistics
- Master Reseller Agreement with KelSie Biotech Inc.
- Heads of Agreement with Double Vision Brewing Limited
- Callaghan Innovation
- Hemp Connect Limited/BPA Alliance/Callaghan Innovation
- Joint Ownership and Management Agreement with Hemp Connect Limited
- Agreement to Commercialise Intellectual Property with Sustainable Foods Limited and Massey University
- Employment Agreements with Dan Casey and John Hussey
- Master Services Agreement with Cannvalate Pty Limited

### Disclosures of Interest

#### Brent King and related entities

Brent King is the Chairman of Greenfern, the Managing Director of one of its commercial partners (Investment Research Group Limited (see page 27), and the sole director of Cannabis & Bioscience Corporation Limited (CBC Limited) and its wholly owned subsidiary, CBC Greenfern Limited.

Brent is a 0.038% shareholder in Greenfern, CBC Greenfern Limited is a 3.21% shareholder in Greenfern, and Investment Research Group Limited is a 1.04% shareholder in Greenfern. CBC Limited, through CBC Greenfern Limited, is an investor in the cannabis sector.

#### Dan Casey and John Hussey

Dan Casey is the Managing Director of Greenfern and John Hussey is its Head of Growth. Both are founder shareholders of Greenfern and parties to Employment Agreements with Greenfern that are described on page 37, and which as from Listing will supersede existing contracts of service or for service which they have with Greenfern. Dan is a 10.44% shareholder, and John a 14.81% shareholder, in Greenfern. John Hussey is a 0.86% shareholder in CBC Limited (see Brent King and related entities above).

#### Philip Brown

Philip Brown, a Director of Greenfern, has a Services Agreement with Greenfern, which is described on page 41. Philip has a relevant interest in 4.27% of Greenfern's shares.

#### Darryl Davies

Darryl Davies, a Director of Greenfern, is a co-founder, Chief Operating Officer and Managing Director of Cannvalate Pty Limited (Cannvalate), and a director of Valens Australia Pty Limited (Valens). Cannvalate, as agent for Valens, has entered into a Master Services Agreement with Greenfern, which is described on page 43.

#### Marvin Yee

Marvin Yee, a Director of Greenfern, has a relevant interest in 2.21% of Greenfern's shares.

#### Tim Johnston, RPL and related entities

Greenfern's Hydropower Station was acquired from Renewable Power Limited (RPL) in December 2020 (see page 21). At the time of the sale Tim Johnson was a former director of Greenfern, holding 89.79% of the shares in RPL and 11.95% of the shares in Greenfern. At the time of the sale, RPL held 2.39% of the shares in Greenfern. At that time Kevin Chong held 5.13% of the shares in RPL and 2.76% of the shares in Greenfern.

Tim Johnson currently holds 8.32% of the shares in Greenfern, and RPL currently holds 1.77% of its shares. Mr Johnson no longer has any management, advisory or other operational role with Greenfern. Kevin Chong currently holds 1.92% of the shares in Greenfern.

Certain other Greenfern shareholders (or entities related to Greenfern shareholders) were previously shareholders in RPL (namely Daniel Casey, Brendon Partridge, Fluidity Limited and the J D Hussey Trust).

#### Other employee and service provider shareholders

Certain other present or former employees of or service providers to Greenfern, or their related entities, are shareholders, or entities associated with them are shareholders, in Greenfern: Brendon Partridge, Daniel Leyden, Timothy Irvin, Jana Hussey, IJ Capital Limited (Andrew Jeffery), Andrew Boot, Fluke Creative and Sarah Leyden.

#### Takeovers Code

Once the shares in Greenfern are quoted on the NZX Main Board, Greenfern will become a code company under the Takeovers Code. The Takeovers Code prohibits, amongst other things, any person, together with their associates as defined in the Takeovers Code, from becoming the holder or controller of 20% or more of the voting rights in Greenfern other than in compliance with the requirements of the Takeovers Code.

You should seek legal advice in relation to any act, omission or circumstance that may result in you breaching any provision of the Takeovers Code.

### Overseas Investment Act 2005

Any person who is an overseas person for the purposes of the Overseas Investment Act 2005 and who intends together with their associates to acquire more than 25% of the shares in Greenfern (or make any other acquisition regulated by that Act) will be required to obtain any necessary consent under the Overseas Investment Act 2005.

You should seek legal advice in relation to any act, omission or circumstance that may result in you breaching any provision of the Overseas Investment Act 2005.

### Total Estimated Costs of the Listing

The total estimated costs of the listing are approximately \$475,000. This includes \$120,000 paid to Investment Research Group Limited (IRG) by the issue of 480,000 shares in Greenfern at a price of \$0.25 per share, as well as the other fees payable to IRG (as described on page 43) and fees payable to accountants, auditors, lawyers and public relations advisers.

## 3\_ KEY FEATURES OF THE SHARES

### 3.1 Key features

All Shares quoted under the Listing will be fully paid ordinary shares in Greenfern which rank equally with each other and all other ordinary shares in Greenfern on issue. The key features of the Shares do not differ from those that apply to other ordinary shares in a company generally.

Shareholders who wish to sell their Shares on the NZX Main Board after listing must contact a broker and have a Common Shareholder Number (CSN) and an authorisation code (FIN).

### 3.2 Dividend policy

As Greenfern is an early-stage company that is not yet profitable, it has no plans to pay dividends in the next few years.

In any event, payment of dividends is not guaranteed and will be at the discretion of the Board and depend on a number of factors. These factors include the general business environment, Greenfern's financial performance and free cash flow availability, future funding requirements, any contractual, legal or regulatory restrictions on the payment of dividends by Greenfern and any other factors the Board may consider relevant. In declaring dividends, Greenfern must comply with the solvency test under the Companies Act.

### 3.3 What you need to do to sell your Shares

If you wish to sell your Shares on the NZX Main Board, after Listing, you must contact an NZX Firm and have a CSN and a FIN. Opening a new broker account can take a number of days depending on the NZX Firm's new client procedures. If you do not have a CSN, you will:

- be assigned one when you set up an account with an NZX Firm; or
- receive one from the Share Registrar.

If you do not have a FIN, it is expected that you will be sent one as a separate communication by the Share Registrar. If you have an NZX Firm and have not received a FIN by the date you want to trade your Shares, your NZX Firm can obtain one, but may pass the cost for doing so onto you. In certain cases where an NZX Firm uses a bare trustee structure to hold your Shares, you may not have a CSN or a FIN. Please contact your NZX Firm to determine what you need to do to sell your Shares.

If you sell your Shares, you may be required to pay brokerage or other sale expenses. You may also be liable for tax on the sale of your Shares. You should seek your own tax advice in relation to your Shares.

### 3.4 Escrow Restrictions

John Hussey, Daniel Casey, Timothy Mark Johnson, Brendon Partridge, Daniel Leyden, CBC Greenfern Limited and Renewable Power Limited (Escrowed Shareholders) have entered into escrow arrangements with Greenfern in relation to their 43,067,792 Shares (representing 51.09% of the total Shares on issue in Greenfern immediately following the completion of the Listing). Under these arrangements each Escrowed Shareholder has agreed to not dispose of any of the Shares held by them upon completion of the Listing until the first day after the date on which Greenfern releases to NZX its results announcement in respect of the financial year ended 31 March 2024, subject to the following:

- on and from the Listing, until 31 March 2022, each Escrowed Shareholder is permitted to sell up to 10% of his/its shareholding;
- on and from 1 April 2022, until 31 March 2023, each Escrowed Shareholder is permitted to sell up to a further 20% of his/its shareholding; and
- on and from 1 April 2023, until 31 March 2024, each Escrowed Shareholder is permitted to sell up to a further 25% of his/its shareholding.

Any escrowed shareholding able to be sold in either of the first 2 periods described above and not sold in that period may be carried forward and included in the escrowed shareholding able to be sold in the second and third of those periods.

The escrow restrictions do not apply in relation to:

- any full or partial takeover offer made under the Takeovers Code (Takeover Offer) or any scheme of arrangement or other arrangement having a substantially similar effect to a Takeover Offer.
- during any period, the Company is not a code company (as defined in the Takeovers Code), to any offer for a majority of the voting shares in the Company made by a person or persons unrelated to any of the Escrowed Shareholders, and provided such offer to purchase the relevant shares is made to all holders of ordinary voting shares in the Company, at the same price and on the same terms.



## 4\_ GREENFERN'S FINANCIAL INFORMATION

### 4.1 Introduction

The tables provide key financial information about Greenfern. These tables are prepared from financial information extracted from Greenfern's audited financial statements for FY 2019, FY 2020 and FY 2021, all of which are available on Greenfern's website at <https://gfi.nz>. If you do not understand this financial information, you can seek advice from a financial adviser or an accountant.

The financial information contained in this section has been prepared by Greenfern, is presented in New Zealand dollars, and is rounded, which may result in some discrepancies between the sum of the components and the totals within tables, and certain percentage calculations.

### 4.2 Selected Financial Information

| NZ\$000  | FY 2019                        | FY 2020                        | FY 2021                        |
|--|--------------------------------|--------------------------------|--------------------------------|
| Selected Financial Information                   | 11 months ending 31 March 2019 | 12 months ending 31 March 2020 | 12 months ending 31 March 2021 |
| Revenue  | 36,657                         | 23,118                         | 84,212                         |
| EBITDA   | (75,980)                       | (1,680,176)                    | (1,255,781)                    |
| NPAT   | (75,980)                       | (1,680,176)                    | (1,255,781)                    |
| Dividends on all equity securities of the issuer | -                              | -                              | -                              |
| Total assets                                     | 1,494,792                      | 2,274,154                      | 3,416,045                      |
| Cash and cash equivalents                        | 455,369                        | 991,93                         | 1,297,054                      |
| Total liabilities                                | 36,146                         | 1,702,171                      | 1,064,509                      |
| Total debt                                       | -                              | -                              | -                              |
| Net cash flows from operating activities         | (73,920)                       | (349,318)                      | (1,020,880)                    |

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

Also after 31 March 2021, the Company raised \$2,155,400 by issuing 1,077,700 shares at \$2.00 per share, paid in cash, as part of a capital raising from wholesale investors.

The winding up of the shadow share scheme and the post 31 March 2021 capital raising from wholesale investors had a combined impact on amounts in the Selected Financial Information table (see above) for FY 2021 as follows:

- They decreased total liabilities by \$933,500 due to the capitalisation of the share scheme liabilities;
- They increased total assets and cash and cash equivalents by \$2,155,400.

The above transactions increased the Company's equity by \$3,088,900.

### 4.3 Capitalisation measure and implied listing multiple

The Board has ascribed a listing price of \$0.25 per share (Listing Price), based on its view of the equity value of Greenfern.

In ascribing the Listing Price, the Board has adopted the price at which shares were offered under Greenfern's 2020 crowdfunding round (\$2 per share), adjusted to reflect an 8 for 1 share split undertaken prior to Listing. The Listing Price implies the valuation metrics as set out in the table below. The price at which shares in Greenfern will be traded on the NZX Main Board following Listing will depend on the demand for, and supply of, shares and will be subject to change.

| CAPITALISATION TABLE                 |                        |
|--------------------------------------|------------------------|
| Number of shares on issue at Listing | 84,300,384             |
| Listing Price                        | \$0.25 cents per share |
| Implied market capitalisation        | \$21,075,096           |
| Cash and cash equivalents            | \$2,506,594*           |
| Implied enterprise value             | \$18,568,502           |

\*This is the Company's estimate of its maximum cash and cash equivalents on hand at Listing.

Implied market capitalisation is the value of all of Greenfern's equity securities, as implied by the Listing Price. It tells you what Greenfern is proposing that its equity is worth.

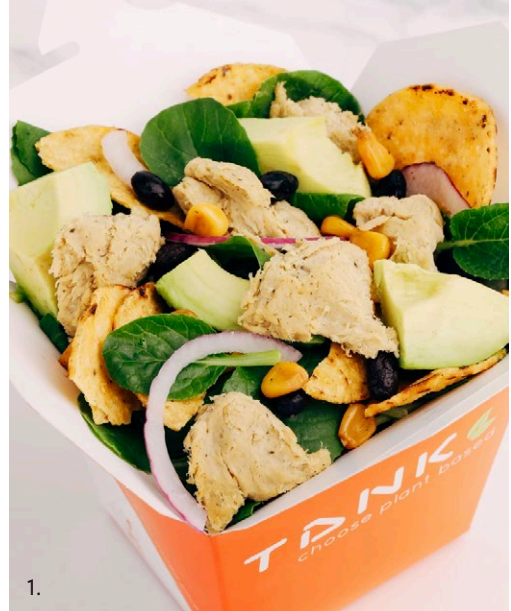
Implied enterprise value is a measure of the total value of the business of Greenfern, as implied by the Listing Price. Implied enterprise value is the amount that a person would need to pay to acquire all of Greenfern's equity securities and to settle all of Greenfern's borrowings. It is adjusted by deducting cash and cash equivalents. As Greenfern has no borrowings, the implied enterprise value of Greenfern is its implied market capitalisation of \$21,075,096 less cash and cash equivalents of \$2,506,594. Implied enterprise value is a measure of what Greenfern is proposing its business as a whole is worth.



## 4.4 How Greenfern generates revenue

Greenfern generates revenue from:

- the sale at wholesale of hemp seed, hemp seed oil and hemp cake to a number of producers of fast-moving consumer goods, including a craft beer producer and a company that produces a hemp-based substitute for meat products (1)
- the sale at wholesale of its MaTo product line of hemp-based body care products (2)
- the sale of power from its Hydropower Station (3).



## 4.5 Overview of Historical Financial Performance

This section provides an overview of the historical financial performance of Greenfern and should be read in conjunction with the table headed Selected Financial Information on page 47.

Greenfern commenced earning revenue from contracts with customers in FY 2021: \$17,149. Prior to that its income was predominantly interest income. In FY 2021 revenue was supplemented by a COVID wage subsidy of \$37,432.

Greenfern is presently an early-stage operation with small revenues and making losses: FY 2019 (\$75,980); FY 2020 (\$1,680,176); and FY 2021 (\$1,255,781). As at 31 March 2021 Greenfern had cash and cash equivalents of \$1,297,054.



## 4.6 Supplementary Financial Information

Audited financial statements for Greenfern for FY 2019, FY 2020 and FY 2021 are available on Greenfern's website at <https://gfi.nz> and on the documents section of NZX's website at [www.nzx.com/companies/GFI/documents](http://www.nzx.com/companies/GFI/documents).



## 5\_ RISKS TO GREENFERN'S BUSINESS AND PLANS

This section describes the circumstances Greenfern is aware of that exist or are likely to arise that significantly increase the risk to Greenfern's financial position, financial performance or stated plans. This section also outlines particulars that will, to the extent that is reasonably practicable, assist an investor to assess the likelihood, nature and potential magnitude of impacts arising from those circumstances. This description is based on the knowledge and assessment of the Board as at the date of this Profile and it is possible that the importance of each risk may change, or other risks may emerge over time.

### Regulatory risk

| WHAT IS THE RISK?  | REGULATORY RISK  |
|--|--|
| <p><b>WHY IS IT SIGNIFICANT?</b></p>   | <p>The cannabis industry is highly regulated. As the medicinal cannabis regime in New Zealand is still in its infancy, there is some uncertainty as to what further changes might be made and whether it will develop or operate as efficiently as intended. It is possible that authorities will conclude that the balancing of risks and benefits has not been achieved and make changes accordingly. There is also a risk that existing annual licences will not be renewed and/or that licences needed for planned activities will not be granted. Any adverse regulatory changes locally, or in overseas import and export markets, or any inability to obtain, renew or extend licences, could significantly affect the Company's business and viability. In particular, the Company is heavily reliant on being successful with applications for product approvals and licences relating to medicinal cannabis products in order to expand its primary businesses beyond the cultivation and sale of hemp and hemp-based products (and other products that are not dependent on obtaining the approvals needed for medicinal cannabis products) and the sale of power. If the Company is not successful with these applications, it will not be able to commence a medicinal cannabis products business which would likely have a material adverse effect on the extent to which the Company grows its overall business.</p>  |
| <p><b>ASSISTANCE TO INVESTORS TO ASSESS THE LIKELIHOOD, NATURE AND POTENTIAL MAGNITUDE OF ANY IMPACT</b></p> | <p>As there was buy in by both the major political parties to the medical cannabis scheme, this is considered to provide reasonably strong protection against the possibility of the changes being reversed.</p> <p>However, the new medical cannabis scheme remains to be fully tested. Greenfern keeps up to date with regulatory changes both in New Zealand and overseas. The Company also interacts with Medsafe officials to keep abreast of practical considerations associated with the relatively new medical cannabis scheme. Greenfern is also a member of the New Zealand Medicinal Cannabis Council <a href="https://nzmedicalcannabiscouncil.wildapricot.org/">https://nzmedicalcannabiscouncil.wildapricot.org/</a></p> <p>Greenfern also has a diversified business model which helps reduce overexposure to regulatory risk associated with particular segments of its intended overall market. The Company focuses on both hemp and medicinal cannabis and intends to work not only with its own products but also to implement a regional processing hub strategy to process hemp for farmers in the Taranaki region. Its operations are intended to span from growing and harvesting, to processing, manufacturing, and distributing. The Company also intends to import and distribute medical cannabis product while it transitions to production of its own products. By having a policy to sell into the wholesale B2B market in preference to retail, the Company intends to largely avoid or at least minimise the regulatory issues associated with selling direct into the retail market.</p> <p>The Company is nevertheless heavily reliant on being successful with applications for product approvals and licences relating to medicinal cannabis products in order to expand its primary businesses beyond the cultivation and sale of hemp and hemp-based products (and other products that are not dependant on obtaining the approvals needed for medicinal cannabis products) and the sale of power.</p> |

## Product development risk

| WHAT IS THE RISK?  | PRODUCT DEVELOPMENT RISK  |
|--|---|
| <p><b>WHY IS IT SIGNIFICANT?</b></p>   | <p>Greenfern faces the risk that it is not able to develop further fast-moving consumer goods to add to its MaTo product line, or to develop its own medicinal cannabis products under the GFI Pharma and/or trademarked Theonol brands, in which case the Company may never become profitable and may cease to be viable, or at least there would be more pressure on the Company's other businesses to create greater earnings.</p>   |
| <p><b>ASSISTANCE TO INVESTORS TO ASSESS THE LIKELIHOOD, NATURE AND POTENTIAL MAGNITUDE OF ANY IMPACT</b></p> | <p>Greenfern considers that it has significantly mitigated this risk by engaging with the Riddet Institute of the Massey University, which has already developed a hemp-based meat alternative that Greenfern considers shows considerable commercial promise. Nevertheless, there can be no guarantee that Greenfern will be successful in developing a medical product range or in successfully commercialising its MaTo product line or any other fast-moving consumer goods it may develop.</p> |

## Reliance on key personnel

| WHAT IS THE RISK?   | RELIANCE ON KEY PERSONNEL  |
|---|--|
| <p><b>WHY IS IT SIGNIFICANT?</b></p>  | <p>Greenfern relies heavily on Daniel Casey and John Hussey in the ongoing management and operation of its business. If either was to leave Greenfern it could prove difficult to find a suitable replacement on a timely basis. This could prevent Greenfern executing on its business plan and strategy which would likely have a material adverse effect on its business. Daniel Casey and John Hussey have each played key roles in Greenfern's progress to date. Daniel is a civil engineer and project manager with over 15 years' experience in the civil construction sector, both in New Zealand and overseas. He has played a key role in the design of a large indoor medicinal growing facility and is expected to play a key role in its construction and operation. John has played a key role securing Greenfern's main commercial relationships. Both have developed an in-depth knowledge and understanding of the New Zealand legal cannabis scheme as it relates to Greenfern's business.</p> |
| <p><b>ASSISTANCE TO INVESTORS TO ASSESS THE LIKELIHOOD, NATURE, AND POTENTIAL MAGNITUDE OF ANY IMPACT</b></p> | <p>The risk of Daniel Casey or John Hussey departing Greenfern is mitigated by the fact that they each recently have signed fixed five-year employment contracts with Greenfern under which they are appropriately remunerated. They also have significant equity stakes in Greenfern with selling restrictions over part of their stakes, which provide an incentive for them to maximise Greenfern's financial performance over the medium term.</p>   |

## Competition risk

| WHAT IS THE RISK ?  | COMPETITION RISK   |
|---|--|
| <p><b>WHY IS IT SIGNIFICANT?</b></p>  | <p>Competition from other producers of existing and new products, and from buyers of product, may put pressure on Greenfern's financial resources, and adversely affect its potential customer market share and its revenues. This is of particular significance to Greenfern and other entrants to the medicinal cannabis industry, as it is Greenfern's view that there is likely to be considerable aggregation within the sector as it develops. In Greenfern's view it is therefore very important that it carve out a distinctive niche in order to be one of the survivors in this industry. Should it fail to do so, Greenfern may cease to be viable.</p>   |
| <p><b>ASSISTANCE TO INVESTORS TO ASSESS THE LIKELIHOOD, NATURE, AND POTENTIAL MAGNITUDE OF ANY IMPACT</b></p> | <p>The Company is competing in a relatively young and fast-moving industry that is becoming increasingly competitive. Some producers have longer operating histories and greater financial resources than Greenfern and may be able to produce product at a lower cost. Most existing companies will likely become more competitive, particularly as most existing New Zealand licence holders (like Greenfern) are not yet fully active in the industry. New product competitors will also inevitably emerge. Black market operators may also pose a competitive threat by offering cheaper products with higher concentrations of THC. Customer requirements and spending patterns, both locally and overseas, are also still relatively unknown which could mean that the Company's business initiatives prove to be unsuccessful or have unforeseen outcomes. As a result, the Company may not be successful in developing new medicinal cannabis products, or in attracting customers who are prepared to purchase substantial quantities of the Company's products.</p> <p>Greenfern seeks to mitigate competitive risk through a continuing focus on research, having a diversified business model, and remaining up to date with the latest developments in the industry. The Company considers these factors enable it to quickly respond to industry change. Being one of a number of the relatively new participants in the industry, Greenfern is seeking to establish a competitive edge by focusing on accessing and developing quality products that are attractive to wholesale customers, both in New Zealand and overseas.</p> |



## Agricultural and force majeure risk

| WHAT IS THE RISK ?   | AGRICULTURE AND FORCE MAJEURE RISK   |
|--|--|
| <p><b>WHY IS IT SIGNIFICANT?</b></p>   | <p>Greenfern grows cannabis which is an agricultural process. Therefore, the Company's business is subject to the risks of crop failure due to weather, insects, plant diseases, and other agricultural risks. The Company's business is also at risk from failure of its security systems, power failures, storms, flood, explosions and fire. Adverse changes resulting from these risks could require the Company to reduce or suspend production of cannabis, which could have a material adverse effect on the Company's business, financial condition, operations and prospects. The Company will not grow medicinal cannabis crops until such time as it is able to construct a substantial indoor growing facility, so as to negate or minimise climate and security risks. Therefore, a failure to construct a substantial indoor growing facility could materially affect the Company's ability to make a medicinal cannabis products business viable.</p> |
| <p><b>ASSISTANCE TO INVESTORS TO ASSESS THE LIKELIHOOD, NATURE AND POTENTIAL MAGNITUDE OF ANY IMPACT</b></p> | <p>Greenfern's operations, present and planned, aim to mitigate against agricultural and force majeure risk by spreading it over multiple geographic locations and cultivars as well as reducing reliance on a single contractor and on outdoor facilities. Greenfern's growing operations are presently spread across 2 geographic locations, one in Taranaki in the North Island, and one in the South Island. The Company also grows a range of cultivars and engages a range of contractors to harvest its cannabis. The planned large indoor growing facility, operating under climate-controlled conditions, is intended to mitigate agricultural risk in relation to a medicinal cannabis products business although it would not eliminate the risk entirely.</p>  |

## Market risk

| WHAT IS THE RISK ?  | MARKET RISK   |
|---|---|
| <p><b>WHY IS IT SIGNIFICANT?</b></p>  | <p>Greenfern faces the risk that its products do not achieve significant market acceptance. Until such time as it is able to obtain product approvals and licences for medicinal cannabis products, the Company is exposed to the risk of competitors gaining or improving on a first mover advantage in this sector, although the diversification of the Company's businesses (sale of hemp, hemp-based products and power) reduces this risk to an extent. There can also be no certainty that medicinal cannabis products will be approved or gain market acceptance. Therefore, there is a significant risk for the Company that it is not successful in breaking into the medicinal cannabis products sector. A failure to do so would have a material adverse effect on the extent to which the Company grows its business, and its ability to improve its financial condition, and results of operations.</p>  |
| <p><b>ASSISTANCE TO INVESTORS TO ASSESS THE LIKELIHOOD, NATURE, AND POTENTIAL MAGNITUDE OF ANY IMPACT</b></p> | <p>Greenfern seeks to mitigate this risk through engaging with quality research institutes, such as the Riddet Institute at Massey University and Callaghan Innovation, and buyers of its product with a genuine interest in using or distributing them, such as the buyers of the Company's industrial hemp and its joint venture buyers of ingredients for fast-moving consumer goods. As the New Zealand market may prove to be relatively small by world standards, Greenfern will seek to engage with international markets, which it has already done to establish white label arrangements in Australia. There is nevertheless no guarantee Greenfern will be able to extend its distribution licences for hemp to a full range of cannabis products, or that it will receive adequate local and overseas take up for its existing non-medical MaTo product line or any additional fast-moving consumer goods, or medicinal product line it may develop in the future. Nevertheless, the Company is actively pursuing approvals and licences for medicinal cannabis products, and considers that in this respect it is not in a significantly different position to most other companies seeking to commence a medicinal products business in New Zealand.</p> |

## Pressure on prices

| WHAT IS THE RISK ?  | PRESSURE ON PRICES   |
|---|--|
| WHY IS IT SIGNIFICANT?  | There is a 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 Greenfern's financial performance.   |
| ASSISTANCE TO INVESTORS TO ASSESS THE LIKELIHOOD, NATURE, AND POTENTIAL MAGNITUDE OF ANY IMPACT | Greenfern is aware that there may be downward pressure on prices as new participants enter the market, particularly large producers who benefit from economies of scale. However, the Company considers the market for craft beer is instructive here, as it demonstrates that there is a place for niche players who distinguish themselves on quality and brand, rather than price. Currently, the Company has a commercial arrangement to sell hemp seed cake to a third party for use in the production of a craft beer. Greenfern is committed to producing and selling quality products that are less susceptible to downward price pressure than commodity products that have no point of difference. However, there can be no guarantee that Greenfern's products will not be treated as commodities and suffer downward price pressure. |

## Funding and insolvency risk

| WHAT IS THE RISK ?   | FUNDING AND INSOLVENCY RISK   |
|--|---|
| WHY IS IT SIGNIFICANT?   | As an early-stage company, Greenfern has relied principally on two crowdfunding capital raises for funds. The Company has recently made placements to wholesale investors and will require further capital if it wishes to undertake all currently envisaged capital projects with its own capital. However, progress towards the Company's business goals is not dependent on all possible capital projects being undertaken in the short term, or as necessarily requiring the Company to provide its own capital. Capital raising options, particularly in relation to any upgrade of the Hydropower Station, include capital contributions from prospective joint venture partners, and borrowing against assets. Regarding the proposed indoor growing and processing facilities, these are not required for the Company to be a distributor for overseas suppliers, nor for it to distribute its own products if their manufacture is outsourced, although the Company will not grow medicinal cannabis crops until such time as it is able to construct a substantial indoor growing facility, so as to negate or minimise climate and security risks. Nevertheless, the Company does intend to seek some further capital via placements and public offerings. In this regard, while the Listing Price is \$0.25, there can be no assurance that the Company will be able to raise share capital at this price, or that investors will be able to trade their shares at this price. Shares may trade at a discount to the Listing Price. For further details see "Impact of future capital requirements" on page 14. Should Greenfern not be successful in raising further capital, in terms of the options outlined above, or raising funds through asset sales, it may never become profitable and may cease to be viable. |
| ASSISTANCE TO INVESTORS TO ASSESS THE LIKELIHOOD, NATURE AND POTENTIAL MAGNITUDE OF ANY IMPACT | Greenfern is looking to mitigate the difficulties of raising capital by seeking a listing on the NZX Main Board. One of the main objectives of the listing is to make the Company more attractive to investors by providing a recognised market for its shares. However, a listing does not guarantee access to capital, and may involve diluting the value of existing holders if capital can only be raised at a discount to market price.  |

## Facility expansion risk

| WHAT IS THE RISK ?  | FACILITY EXPANSION RISK   |
|---|---|
| <p><b>WHY IS IT SIGNIFICANT?</b></p>  | <p>Greenfern is currently looking to expand upon its small indoor pilot facility (phase one) by constructing substantial indoor medicinal growing and processing facilities suitable for cultivation of cannabis suitable for medicinal cannabis products. The Company intends to construct the first of these facilities (phase two) by 31 December 2022. However, the construction of the second facility (phase three) is dependent on the Company first acquiring the necessary land. A site adjacent to the Company's existing operation at Normanby, Taranaki has been identified, which is presently leased by the Company under a short-term arrangement. If the Company is unable to acquire the necessary land, it may not be able to fully develop a medicinal cannabis products business and so might never become profitable and may cease to be viable.</p> |
| <p><b>ASSISTANCE TO INVESTORS TO ASSESS THE LIKELIHOOD, NATURE, AND POTENTIAL MAGNITUDE OF ANY IMPACT</b></p> | <p>Greenfern is confident that the construction of phase two will be sufficient to support the initial development of a medicinal products business and is also confident that it will be able to raise the necessary funds to acquire the land necessary for phase three and then build on it a second larger indoor medicinal growing and processing facility. The Company is also confident that it will then be able to acquire appropriate land, obtain the necessary resource consents and construct a second large indoor growing and processing facility. However, there is no guarantee that the Company will achieve these objectives.</p>  |

## Early-stage risk

| WHAT IS THE RISK ?  | EARLY-STAGE RISK  |
|---|---|
| <p><b>WHY IS IT SIGNIFICANT?</b></p>  | <p>Greenfern is an early-stage business, having only been incorporated in 2018. At this stage, its revenues are small and most of its business plan is still to be fully implemented. Should the Company not be able to develop as expected, it may never become profitable and cease to be viable.</p>   |
| <p><b>ASSISTANCE TO INVESTORS TO ASSESS THE LIKELIHOOD, NATURE, AND POTENTIAL MAGNITUDE OF ANY IMPACT</b></p> | <p>Greenfern is seeking to mitigate the risks faced by early-stage companies by engaging reputable business partners such as those referred to on page 27. The Company is also undertaking business activities that are designed to provide revenue until the Company is in a position to arrange for the manufacture and distribution of its own medicinal cannabis products. Examples of these are the sale of hemp seed, the sale of fast-moving consumer goods such as the Company's MaTo product line, and (subject to obtaining the requisite product and other approvals and licences) selling medicinal cannabis products at wholesale for overseas suppliers. However, if Greenfern fails over the medium term to produce further fast-moving consumer goods and its own medicinal cannabis products, it may never become profitable and cease to be viable.</p> |

## COVID-19 risk

| WHAT IS THE RISK?   | COVID-19 RISK  |
|---|--|
| WHY IS IT SIGNIFICANT?  | COVID-19 still poses a major threat to the expansion of the Greenfern's business, particularly its international business. Inability due to COVID-19 restrictions to source product for supply, or to sell product, particularly in international markets, could have a material adverse effect on the Company's business, its financial condition, and results of operations.   |
| ASSISTANCE TO INVESTORS TO ASSESS THE LIKELIHOOD, NATURE, AND POTENTIAL MAGNITUDE OF ANY IMPACT | To mitigate COVID-19 risk in its own operations, Greenfern promotes hygiene protocols at its facilities, and has systems that enable staff to work remotely when needed. The Company continues to monitor announcements from New Zealand Foreign Affairs and Trade, New Zealand Trade and Enterprise and other bodies relating to assistance to exporters, air and sea freight, and international markets. A number of countries, including New Zealand, Australia, Canada and Singapore, have jointly committed to keep supply chains open. While there is no guarantee that markets will remain open, particularly during COVID-19 spikes, the Company takes some comfort from the Government's commitment to supply chain connectivity. |

## 6\_ TAX

Tax can have significant consequences for investments. If you have queries relating to the tax consequences of investing in Shares you should obtain professional advice on those consequences.



## 7\_ WHERE YOU CAN FIND MORE INFORMATION

Further information relating to Greenfern (including the Constitution and its most recent financial statements) is available on the Greenfern website, which can be found at <https://gfi.nz> under the Investor Centre tab, and on the Documents section of NZX's website at [www.nzx.com/companies/GFI/documents](http://www.nzx.com/companies/GFI/documents).

Further information in relation to Greenfern is also available on the Companies Office register of the Ministry of Business, Innovation and Employment. This information can be accessed on the Companies Office website at [www.business.govt.nz/companies](http://www.business.govt.nz/companies).

Once Greenfern is Listed it will be required to make half-year and annual announcements to NZX, and such other announcements as required by the Listing Rules from time to time. You will be able to obtain this information free of charge by searching under the ticker code "GFI" on NZX's website ([www.nzx.com](http://www.nzx.com)).



## 8\_ CONTACT INFORMATION

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## 9\_GLOSSARY

**1HY** means the financial half year ended 30 September of that year.

**2HY** means the financial half year from 1 October to 31 March of that year.

**Board** means the board of directors of Greenfern.

**Business** means the business conducted by Greenfern.

**Cannabis** means what comes from the plant Cannabis sativa (the main components of the plant are the seeds, the stalks, the leaves and the flowering tops).

**CBD** means cannabidiol.

**CBD product** has the meaning set out in Section 2A of the Misuse of Drugs Act 1975 and which, generally speaking, means a product that contains CBD and in which the THCs and specified substances within the product do not exceed 2% of the total CBD, THC and other specified substances.

**Companies Act** means the Companies Act 1993.

**Company** means Greenfern Industries Limited registered at the Companies Office with company registration number 6804155.

**Constitution** means the new constitution of Greenfern to be adopted at and with effect from Listing, as amended from time to time.

**CSN** means Common Shareholder Number.

**Director** means a director of Greenfern.

**EBITDA** means earnings before interest, taxes, depreciation and amortisation.

**Escrowed Shareholders** means John Hussey, Daniel Casey, Timothy Mark Johnson, Brendon Partridge, Daniel Leyden, CBC Greenfern Limited and Renewable Power Limited.

**EV** means enterprise value.

**FIN** means shareholder unique authorisation code.

**FMCA** means the Financial Markets Conduct Act 2013.

**FY** means the financial year ended or ending 31 March of that year.

**GMP** means Good Manufacturing Practice, a standard set out in the medicinal cannabis regime.

**Greenfern** means Greenfern Industries Limited registered at the New Zealand Companies Office with company registration number 6804155.

**Hemp and industrial hemp** means varieties of the plant, Cannabis sativa, that have a THC content generally below 0.35%.

**Historical Periods** means FY 2019, FY 2020 and FY 2021.

**Hydropower Station** means Greenfern's hydropower station at Normanby Road, Taranaki.

**IFRS** means International Financial Reporting Standards.

**Listing** means the direct listing of Greenfern, and the quotation of the Shares on the NZX Main Board, which is expected to be 21 October 2021, unless varied by Greenfern.

**Listing Price** means the value ascribed to Shares at Listing by the Board based on the Board's view of the equity value of Greenfern at that time, being \$0.25 per Share.

**Listing Rules** means the listing rules applying to the NZX Main Board in force from time to time.

**Medical cannabis regime** means the New Zealand medical cannabis regime introduced by the Misuse of Drugs (Medicinal Cannabis) Regulations 2019, and which commenced on 1 April 2020.

**Medsafe** means the New Zealand Medicines and Medicinal Devices Safety Authority, being part of the Ministry of Health, and the authority responsible for the regulation of therapeutic products in New Zealand.

**NPAT** means net profit after tax.

**NZ** means New Zealand.

**NZ GAAP** means New Zealand generally accepted accounting practice.

**NZX** means NZX Limited.

**NZX Firm** means any company, firm, organisation, or corporation designated or approved as a Primary Market Participant (as defined in the NZX Participant Rules made by NZX from time to time) from time to time by NZX.

**NZX Main Board** means the main board financial product market operated by NZX.

**Profile** means this document, being a profile prepared in accordance with the NZX Listing Rules.

**Share** means a fully paid ordinary share in Greenfern.

**Shareholder** means a holder of one or more Shares.

**Share Registrar** means Computershare Investor Services Limited.

**Supplementary Financial Information** means the supplementary financial information which is available on the Documents section of NZX's website and on Greenfern's website.

**Takeovers Code** means the Takeovers Code promulgated under the Takeovers Regulations 2000.

**THC** means tetrahydrocannabinol, the primary psychoactive ingredient in cannabis and responsible for the "high" associated with the use of cannabis.

