



GREENFERN INDUSTRIES

We introduced you to Greenfern industries last week. The response from interested investors has been great. Today, we are taking a deeper dive into why we think Greenfern has potential to bring a significant return.

Is the share price going to go up in the next 1-2 years?

From a sales perspective Greenfern recently invested significantly in building production facilities to increase their output. Greenfern knew their near-term sales potential and invested significantly to have the infrastructure to match sales growth.

Until now Greenfern did not have the production facilities to cultivate commercial scale models of cannabis. Now they now have over 260m² of fully automated 100% indoor cultivation space with the ability to produce up to 450-550kg of premium medical flower per annum.

To match the energy requirements of the expanded production facilities, Greenfern plans an expansion of their hydroelectric power plant from 250kw to approximately 850kw.

You can see why the share price could go up substantially in the next year as a result of the increased output.



Why would Greenfern increase production output unless they saw huge sales growth with all of their products?

This comes down to sales channels, distribution partners and international expansion.

In terms of sales channels Greenfern has a binding 2-year purchase contract with the majority of their first and second year product already pre-sold.

Greenfern has partnered with a NZ distribution partner who were the first to successfully sell cannabis into Europe from NZ. The partner has established a two year binding agreement to purchase the majority of the medicinal cannabis that Greenfern can produce.

In addition to this, they are fielding inquiries from a number of interested vendors in both New Zealand and internationally who are seeking to purchase Greenfern's medicinal cannabis.

Over the next year Greenfern has a sales target of \$1.1-\$1.8M as its distribution partner proceeds to penetrate the lucrative European cannabis market.

Likewise, Greenfern has been approached by distribution partners in NZ, Australia, and the UK.

With the new international sales channels and cultivation production currently underway we expect to see an increase in the share price in the next 12 months.



Valuation is Important in this Offering

The current Greenfern share price is 0.053c per share. We believe the share price could be at the bottom - mostly due to high barrier to entry regulations as specified by the Ministry of Health's current industry guidelines and the time required to implement stringent licensing and infrastructure requirements.

These regulations have just been amended in favour of industry. Changes should come into effect by the end of 2023 thus making exporting and testing amongst other pursuits with cannabis a lot easier and in line with international standards.

Anticipating the change, Greenfern has been developing its own cultivation facility. There was little such activity before the facility was completed. Now, the company is growing its first batch for export.

The first harvest is scheduled to take place in October 2023 and revenue is expected to flow from December.

As such we expect that once those results are given to market, we should see a corresponding correction to what we believe the shares ought to be worth.

The Offer

Greenfern is offering a limited opportunity for wholesale investors to subscribe for 10 million listed ordinary shares at a price of \$0.05 per share. The \$500,000 will be used as working capital to fund the company through to its anticipated receipt of the proceeds of its first commercial sale in December 2023.

In addition, each subscriber will receive, for each 2 shares subscribed for, the option to subscribe for 1 additional listed share at \$0.05 at any time in the following 12 months, regardless of the market share price at the time.

This will enable the investor to enjoy an enhanced capital return if the NZX market share price rises on completion of commercialisation, without additional risk.

The following table provides an example of the enhanced capital return these options offer.

If you invest today	Number of shares issued at 5c	Example of what the investment is worth if share price is 10c	Number of Options available to you	Price you pay if you choose to exercise the options	Value of shares received on exercise of options if share price is 10c within 12 months	Total value of investment if share price is 10c within 12 months and options exercised
\$100,000	2,000,000	\$200,000	1,000,000	\$50,000	\$100,000	\$300,000
\$25,000	500,000	\$50,000	25,000	\$12,500	\$25,000	\$75,000

Note: This is an example ONLY. It is not a forecast or promise of returns available The share price may rise or fall.

As of 18 August 2023 the NZX market price of Greenfern shares was \$0.055.

Subscribers will be required to enter into a subscription agreement with Greenfern, which also sets out the option terms.

Some Additional Important Points to Consider

- The hard work has been done over the last 4 years as the cannabis industry has matured and Greenfern has put substantial infrastructure and research knowledge in place.
- They are poised to commercialise all of their IP (intellectual property) invested into over the last 4 years.

- Greenfern has commercial crops underway currently. The first harvest will be in early October with sales to be recognised between Q4 2023 and Q1 2024.
- Greenfern has established a foothold in the prescription market in Australia by selling medicinal cannabis oils on prescription.
- Growth of this sales channel is 22% per month - Greenfern is continuously expanding this channel to introduce additional products. One example: Greenfern is developing a finished dose medicinal cannabis flower grown by Greenfern in New Zealand and prescribed under its own label. Currently, the majority of medicinal cannabis flower prescribed in Australia is imported from Canada.
- Greenfern has plans to upgrade their existing drying and packaging facilities to GMP - (Good Manufacturing Practice) standards. This upgrade could have the potential to enhance existing sales export margins by up to 200%.
- Greenfern is a local NZ company with a manufacturing facility based in Normanby, Taranaki - where they employ local people.



Conclusion

We see considerable potential in Greenfern. All the more, we appreciate the potential to realise gains from a company in a niche industry that is poised to grow to meet domestic and international demands for New Zealand cannabis.

Let us know if you would like to invest.

Sincerely

The CFS Accelerate Team

The Fine Print

This offer is open only to NZ resident Eligible and Wholesale Investors (as that term is defined in the Financial Markets Conduct Act). This briefing has been prepared in good faith, but the information has not been independently verified and Greenfern does not accept responsibility or liability for any errors or misstatements. Investors should make their own independent assessment and seek appropriately qualified independent legal and financial advice before investing.

For further information about Greenfern see www.gfi.nz and its NZX market announcements and financial returns at www.nzx.com/companies/GFI/announcements.

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